FOREIGN Commerce Weekly

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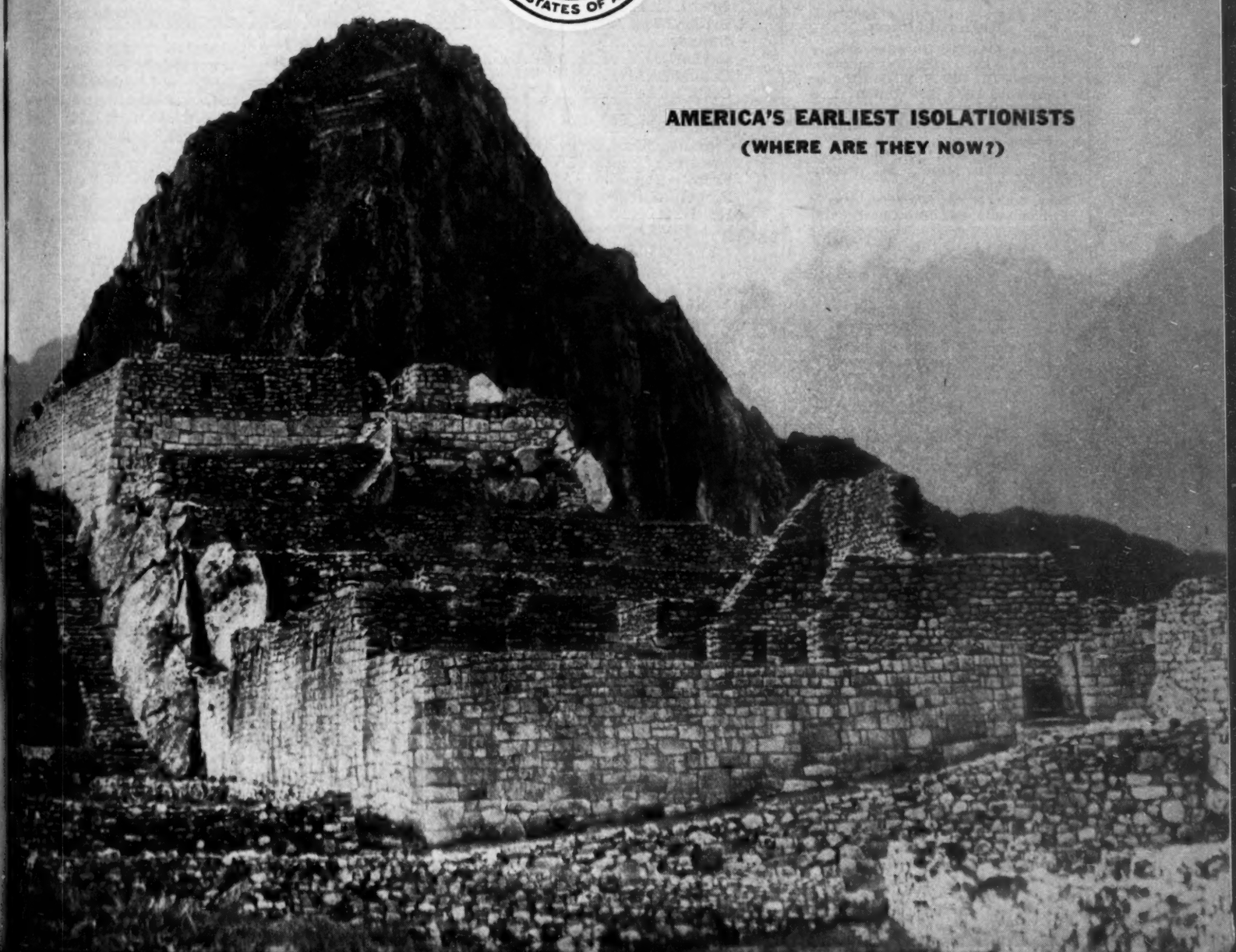

AMERICA'S EARLIEST ISOLATIONISTS
(WHERE ARE THEY NOW?)

Foreign Commerce Weekly

Statutory Functions "The Bureau of Foreign and Domestic Commerce . . . . to further promote and develop the foreign and domestic commerce of the United States." [*Law creating the Bureau, Aug. 23, 1912 [37 Stat. 408].*]

Issued by the UNITED STATES DEPARTMENT OF COMMERCE, JESSE H. JONES, *Secretary*

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SEP 28 '42

French Morocco's Business TODAY—

In Land That Tends to Gravitate Toward the News Spotlight, Marked Economic Deterioration Is Evident, With Deprivations, Snags, Sharp Changes, Apprehension

BUSINESS DIFFICULTIES in French Morocco increased in the early part of 1942 owing to the exhaustion of stocks of commodities normally supplied by imports from France and foreign countries and to the draining of supplies of locally produced foodstuffs by massive exports to France and to neighboring French territories.

Normally Morocco must import its supplies of petroleum products, nearly all manufactured goods, most construction materials, the bulk of the clothing for both European and native inhabitants, and many staple foodstuffs. Under present conditions imports of these goods are well nigh impossible.

Difficulty and Hardship

The chief sufferers are the Moroccan natives who are deprived of the tea, sugar, cotton piece goods, candles, and kerosene which they regard as indispensable. The cost of living is high, and there is considerable unemployment among Europeans. Colonist farmers are having difficulty in harvesting crops owing to labor shortages and the lack of lubricants and motor fuels.

The general outlook is adverse. Continuance of the American-North African economic accord, with the possibility of importing even small quantities of cotton goods, sugar, tea, and quinine, may alleviate the situation to a small extent.

Agricultural Outlook Fair

Yields of cereals, olives, and fruit in French Morocco are satisfactory, although, as a result of adverse weather conditions in several districts, they are not attaining the levels anticipated earlier in the season. Lack of labor for harvesting (native laborers are reported to have been reluctant to work in the absence of goods to purchase with their earnings) and of fuel for transportation has created a grave problem.

These difficulties may also hinder the grape harvest which has been eagerly awaited in view of the wine shortage and the need of wine alcohol as a gasoline substitute. Moreover, the outlook for grapes has been seriously impaired by hot desert winds, dryness, and mildew. Damage is less than in 1941, but hope for a large enough crop even to meet local requirements (much less to export to France, where acreage has been greatly reduced this year) has been lost.

Industrial Production Meager

Manufacturing has been limited almost wholly to soap, in quantities insufficient for local needs, and cement, some of which is being shipped to French West Africa despite local needs exceeding the supply. Morocco's fishing industry, especially deep-sea fishing, has been restricted by a lack of liquid fuel. Apart from the operations of one metal foundry and the superphosphate factory at Casablanca (which is working on a restricted basis), recent industrial activity has been small and for domestic needs only.

Activity is being maintained in the anthracite mines of Djerada and Kenadza, which have rail connections to their pitheads and are at present supplying domestic needs and practically all requirements of the Moroccan and Algerian railroads. Operations are greatly reduced in practically all other mines owing to absence of export possibilities and to the lack of fuel to carry minerals from the mines to seaports or railheads. Exceptions to this rule are the Khouribga

(Continued on p. 27)

Photograph by Gilbert Grosvenor. Copyright, National Geographic Society.

Horseshoe gate in Moroccan city, framing a view of market places and mosques.

India's Industrial Insects

In Picturesque Environment, They Produce, for Our Use, Shellac

By DONALD R. CRONE, *Department of Commerce*

A BOMBARDIER looks at his watch! Seconds evaporate! Precisely, gravely, he lets fall the destruction which eventually leads to a peace treaty. He makes use of industrial processes and commercial dealings which have in common a unique material—*shellac*. Billions of insects and millions of trees and man-hours of labor make possible this material—a brittle, natural resin. In varying forms, it is sometimes used in watches, for making coatings to protect planes and bombs, and for instruments of navigation.

Shellac is a base for the fine sealing wax on which is impressed the country's coat of arms when treaties are signed. Should a national proclamation accompany initialing of a pact, very probably the President's words would be recorded for posterity on disks made of shellac compound. Adapted to hundreds of uses, shellac is employed most extensively in making phonograph records. About one-third of the tonnage imported by us in recent years has been used in record manufacture, so that Junior may "jive" or grandma may enjoy the melodies of Stephen Foster.

English and American chemists have done outstanding research to make shellac useful to industry, much as the Indian Government has encouraged both production and insect study to increase the crop's value to thousands of native cultivators—recognizing that many farmers in the interior of the great Asian peninsula depend on the crop for accessory cash income or to provide tools, salt, and extras.

Qualities That Impart Value

None of the other natural resins, all of which exude directly from trees, has such long life as shellac. The hard coat, smooth finish, and high luster it gives to thin surfaces make shellac excellent in spirit varnishes. It is used extensively in marine work as an antifouling coating for ship bottoms.

Shellac varnishes normally contain 3 to 5 pounds of shellac to each gallon of varnish, the bulk of other material being the solvent denatured alcohol. Sometimes, too, shellac is blended with Manila copal which is also soluble in alcohol and makes a dried varnish film similar to that of shellac. These blends, however, are less durable than pure shellac varnish and are made mainly to reduce costs.

Manifold Uses

Pure shellac is needed in fine work for airplane finishes and protecting parts of navigational instruments. The most important war uses for shellac are in marine paints and for waterproofing cartridge and shell cases.

Other uses of this versatile insect resin include leather and shoe dressings and wood adhesives. The electrical-products industry finds shellac extremely valuable, because it is a nonconductor. Combined with other materials, shellac acts as a binding agent and stiffener for hundreds of consumer goods, such as millinery, or for coating mirrors with silver.

War Production Board Acts

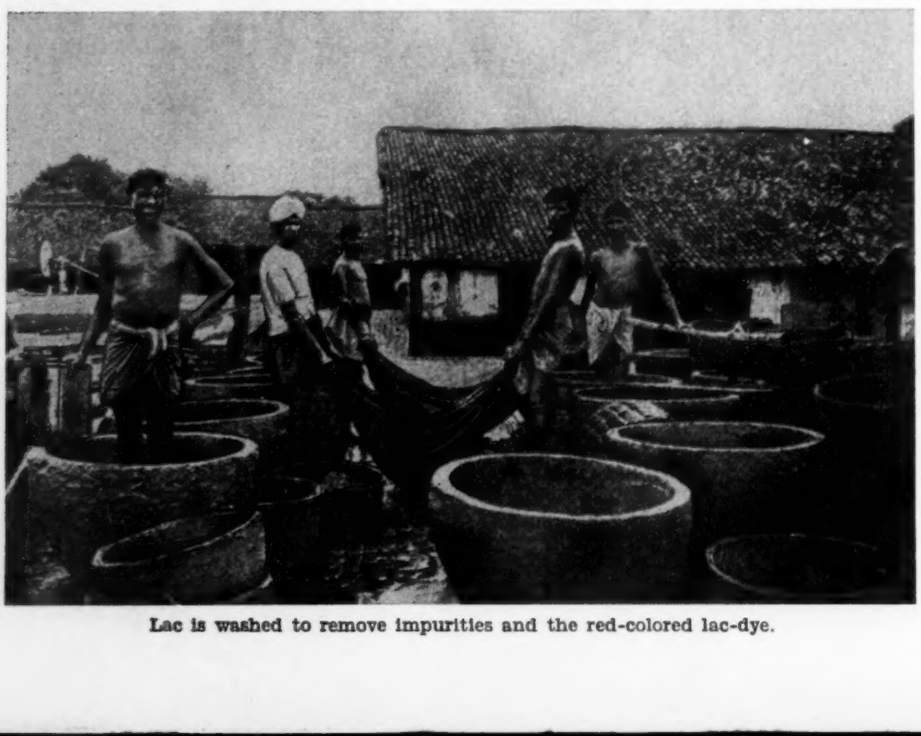
To insure that American stocks of this strategic necessity, shellac, shall be used properly, the United States War Production Board in April 1942 froze all larger inventories and made first claim to half of the future imports. The use of shellac in phonograph records is restricted to 30 percent of the 1941 quantity. Other industries may use only 35 percent of their last year's purchases, unless their products are of direct military significance. Thus again, as in many similar instances today, there has been brought home to the American people, with direct and vivid impact, the great role played in their lives by foreign trade, with its network of immensely vital international relationships.

"Direct military requirements for shellac are heavy," was the statement made at the time the restrictive order was issued, and, too, stress was laid on the fact that the use of shellac is highly necessary in various essential civilian processes. India, it was emphasized, is practically our sole source of shellac, and supplies are subjected to all of today's hazards of the seas.

Phonograph-Record Problem

Hardest hit (as already intimated) by this new situation as regards shellac was the manufacture of phonograph and transcription records. Perplexities arose. Plans had to be altered. Readjustments were plainly called for. What were the possibilities with respect to substitutes? What shifts and modifications, scientific and otherwise, could be made in the endeavor to meet this emergency? Conditions are not wholly clarified as yet, but American ingenuity has been busily at work.

One thing that could indubitably be done was to carry out salvage operations, beginning with the collection of unwanted old records which, as noted by one commentator, "have been a nuisance to many of us and a strain on our storage space,



Lac is washed to remove impurities and the red-colored lac-dye.

A begrimed and furious fighter wielding some essential instrument to win this toughest of all wars—a spellbound music-lover listening to a Tschaikowsky record—a fatuous escapist, attired in a "zoot suit," rug-cutting in a juke-joint—a laboratory technician experimenting in the field of electrical insulation—a housewife brushing a much-needed protective coating on a piece of valued furniture—a young man heading for a date and slapping on his head a swanky new Fall "felt": every one of these individuals owes at least an appreciable measure of his satisfaction or efficiency to little scaly creatures whose habitat is twigs in distant Hindustan. This article throws light on a rather striking segment in the picture of foreign trade.

cluttering up closets, cellars, and attics." Surprisingly enough, in mid-1942 these turned out to be worth money to the householder who had been harboring them and to the recording industry. For they could be broken down and about 90 percent of their original materials (of which shellac was one) could be reclaimed and put to work in the making of new disks.

Salvaging "Down Beats"

For purposes of reclaiming, it is a matter of unconcern whether the old record is chipped or worn or quarter-inch-deep in dust. Nor does it make a bit of difference what kind of music is pressed in its grooves. It may be a mammy-song, sizzling jazz, or Beethoven's Fifth Symphony. The thing that matters is getting hold of the tangible materials in it—preeminently, *shellac*.

What, then, *is* this commodity shellac? How does it originate? What circumstances surround and govern its production and entry into the currents of the world's commerce? The story has a number of attention-arresting elements. It seems worth looking into, with a bit more of detail than the average dance-record addict may feel inclined to visualize.

India the Source

A practical monopoly of the Indian Peninsula, shellac production extends throughout 2,000 square miles of Central India. Minor supplies (about 3 percent of world consumption) come from Burma, Indochina, and Thailand. Calcutta, the present world center for shellac, concentrates the output of Chota Nagpur, Orissa, and the northeastern Central Provinces which yield by far the largest part of India's shellac.

Other contributing States are Assam, Sind, United Provinces, Bengal, Rajputana, Hyderabad, the Punjab, and parts of Bombay and Madras. About a century ago, when bangles and lacquer were the chief finished products, Mirzapur was the leading city of the trade, but its influence waned as railroads supplanted road and river transportation and export business assumed importance. Large factories are still centered at Mirzapur, however—with other factories at Bihar, Balrampur, Jhalida, Umaria, Ranchi, and Imamganj. Calcutta, leading shellac port, has factories for large-scale mechanical processing, warehouses and many dealers.

Attempts have been made to produce shellac in Egypt, Uganda, Formosa, Southwest China, and the Transvaal (using Indian brood lac for propagation), but industrialization has failed outside of the Indian Peninsula. Some lac resin is produced in Sikkim and Nepal, and marketed at Bageswar in the form of coagulated disks. Bhutan, Tibet, and Kashmir also figure in the trade. Their shellac arrives in India via Assam. However, most material from Indochina and Thailand normally goes to France for low-grade varnishes. Now, perhaps, this strategic military material goes to Japan—for years a large consumer.

Insect Useful for Centuries

The name "lac" comes from ancient Sanskrit, with a modern counterpart in the arithmetic of India—"lakh," meaning 100,000, a very large number. Indicative of the antiquity of lac-insect culture is the word itself. "Lakshataru," early host tree to the hundreds of thousands of insects which gave the red dye so highly prized for centuries, was the original breeding plant throughout India.

Besides its use as a dye (now largely superseded by synthetics) lac resin (shellac) was for centuries processed into varnishes. A book written in 1590 reveals that the Emperor Akbar issued instructions to workmen regarding proper application to public buildings. A European scientist in 1596 described the industry and its methods.

As one of the Coccidae, or scale family, the lac insect starts life at one-fortieth of an inch long, and is known scientifically as *Laccifer lacca*. A missionary long ago discovered that lac insects chemically transform juices of host trees into the red or orange secretion. Lac larvae resemble tiny coffee beans, to which are attached antennae and legs. Mature lac insects look like small, purple beads strung along the bark of a twig, usually covering it. They flourish at about 1,000 feet above sea level, in plains and jungles watered by 50 to 60 inches of rainfall annually.

Secreting the Resin

Even young lac insects have a proboscis especially equipped for piercing soft inner cells of a host tree, from which they suck the gum or vegetal juices. As lac insects grow (to one twenty-seventh of an inch), they secrete resin which at first acts as a protective coating for them against predatory enemies but eventually becomes a cemetery for the female of the species. The females live from 3 to 9 months, according to the crop, so two generations are produced each year.

In shellac making, some of the molten material is spread out into a thin sheet on the surface of a glazed earthenware cylinder containing hot water.

There are three swarmings annually in most districts producing lac-insect crops.

Insects of both sexes secrete resin; the female, however, is the greater producer, supplying a cover to hold the large number (up to a thousand) of eggs she lays. As the insects keep secreting, a mass about one-fourth inch thick is finally formed, but there are numerous openings for air, for the exit of the larvae, and for swarming.

Lac resin is thought to be a glandular sweat from beneath the back skin of the insect; this explains the large quantity exuded by these tiny creatures. As the female ages, she continues to secrete resin, but divests herself of eyes and legs and becomes a sort of sack in which coloring matter and eggs develop into larvae.

Host-Tree Selection

Selection of the host tree, it is found, exerts more influence on resin yields than do other factors. There are some 60 different host trees which successfully nourish the lac insect.

If the lac insect were let alone to produce resin naturally, the crop would be small and indifferent, and perhaps the insects would all but die out because of disease and enemies.

However, these valuable tiny insects are cultivated principally through proper selection of host trees, which, when carefully pruned, yield numerous fresh young shoots and twigs. The larvae or brood lac are brought to the tender branches where they can easily pierce their proboscis into the sap running just under the thin outer bark. This is the process of artificial infestation. Much of the swarming onto host trees is natural, the insects emerging and settling themselves by instinct. Tree juices provide raw

chemicals for essential food and secretion.

Mortality rates of the insects which set out to infest trees are often as high as 25 percent, owing to shortage of juice in the branches, the weather, exhaustion in fixing themselves to the twigs, or through being blown away in high winds. Lac larvae must find a twig to which they can attach themselves during the first day of their emergence or they usually die, as their ability to move around is confined to only a few feet.

In general, males emerge from the larval stage in 2 months. Thus, if a tree is infested in June–July, males mature in August–September; the females emerge in October-November, 4 months after the larval stage.

It is unusual to cut more than one crop a year from a given tree; with "kusum" trees a rest of 1 or even 2 years is generally allowed.

Much attention is paid to the growing and care of trees which are to be host plants to the insect. Fertilizing or manuring is essential to proper growing; tree-spacing and removal of undergrowth, and general cultivation are comparable to the work done in many orchards. When trees are well-manured, the insects draw a direct benefit, because the sap flows are greater. At one experiment farm a 15-percent improvement in resin production in 3 years was achieved through proper cultivation of the trees. Plantations are better than forest or jungle conditions for growing the insects and obtaining large yields of resin.

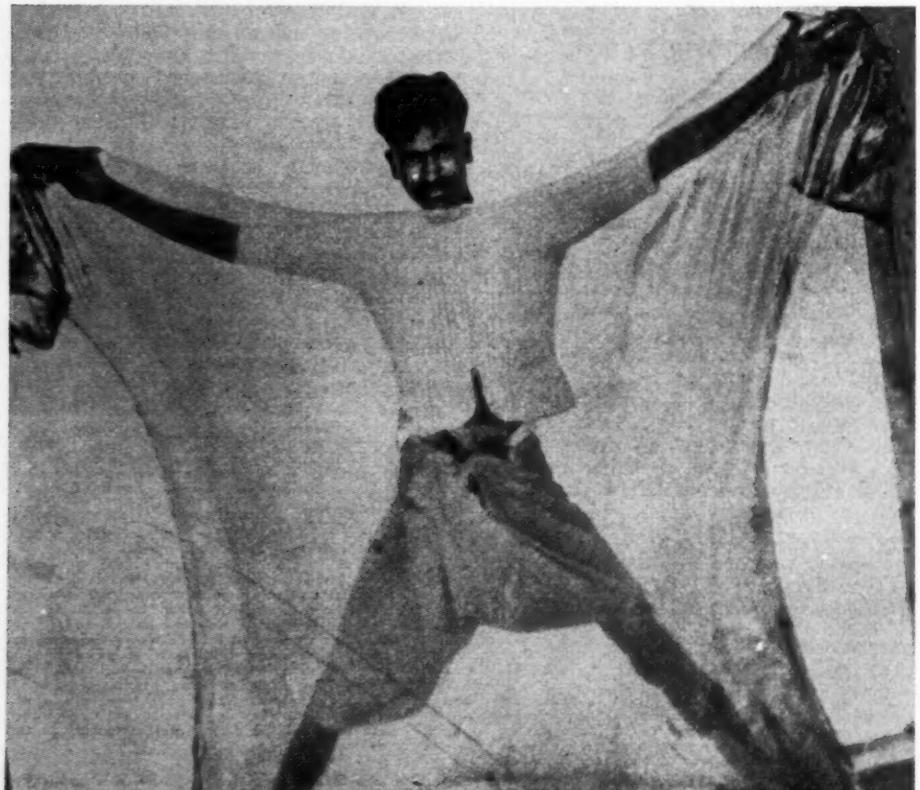
Nature vs. Artifice

Scientific artificial infestation—transferring the larvae or brood lac manually to new trees—as many advantages over natural infestation, principally because it aids control over the rest or idle periods of trees and controls the types of insects cultivated.

Crops of kusum lac are collectible only every second year. "Ber" is the most common and commercially valuable host, as it grows fast and is found throughout lac-growing India.

Difficulties in Burma

Burma's crop, it is claimed, suffers from several defects—lack of artificial-infestation methods of cultivation, long swarming periods, crossed strains of insects, and climatic conditions. Another difficulty is that the swarming times correspond to the Buddhist Lent and New Year periods, so it is almost impossible to get labor to handle the crops during such times of religious observance.



This large thin sheet is broken up when cold, the resulting flakes being the shellac of commerce.

Damage Wrought by Enemies

Lac insects secrete resin as a protection from pests and parasites which injure them and the host trees.

Birds, monkeys, and squirrels often break the twigs covered with growing lac insects and deprive the insects of food. The main predatory enemies, however, are two moths which do enormous damage and are found throughout all lac-growing areas. Beetles also are predators but do small injury, feeding principally on the dead insects within the resin encrustations. All told, the lac insects are reported to have an equal number of friends and enemies among both the predators and parasites.

Collecting and Processing

When raiyats, or small farmers of India, gather the resin which results from the insect's secretion activites, the first work following the swarming is the cutting of twigs and scraping off the sticky mass. This is the resin which hardens into "phal," the brittle substance commonly called stick lac. Knives having short, strong, curved blades are used to scrape the resin from the host branches, but "palas" and "kusum" resin are easily obtained by merely twisting it from the twigs. Some 25 percent of the collected resin is made up of dead insects, barks, twigs, and coloring. These must be removed to prevent the fermentation which lowers the grade of the processed shellac.

By crushing in stone mills or corn-crushers stick lac is reduced to granular fragments of unwashed seed lac. Woody scraps are burned as fuel, and the dust and small resin particles are swept together to be made into bangles, toys, and gimcracks, by local manufacturers, usually individual artisans. This substance is also used to fill hollow gold and sliverware.

Soon after crude seed lac is separated from stick lac it is covered with water and washed in large stone vessels. A washer, standing for hours in the vat, presses the lac resin against the roughened sides, this squeezing action effecting better extraction of the red coloring matter and the impurites found in the raw resin. Following long agitation and squeezing, the water and seed lac is allowed to stand, the scum is removed, dried, and picked over for lac resin. Dried granules of this resin are winnowed into larger and smaller grains. The small powdery pieces, "molamma," sometimes are exported, but on other occasions are mixed with dust separated from the unwashed stick lac and sold to small Indian manufacturers.

Storage Detrimental

Usually three washings are needed before lac resin is freed from dye. The latter is recovered only for local purposes, if saved at all, or is used as fertilizer. Sodium carbonate is added to the last washing to get rid of as much dye as possible. In ancient days the dye was prized for its brilliant range of red and orange tones and because it gave fast

color to silk and wool. In the middle nineteenth century almost 20,000 hundredweight of dye was exported; since 1912, recorded exports are nil.

Long storage is detrimental. The trade complains of the practice of storing seed lac when prices are low, and subsequent processing and mixing it with fresh shellac, because the mixing of resin from different seasons results in an inferior quality.

Grading and Sorting

Grading is an especially tedious, hand-labor process. Various seed lac must be sifted, graded, and mixed to produce required finished products. Upon proper blending depends adherence to contract standards and price, as allowances and discounts are necessary if quality is unsatisfactory. In the work of blending, some manufacturers add orpiment or sulfide of arsenic, if needed, to improve the color.

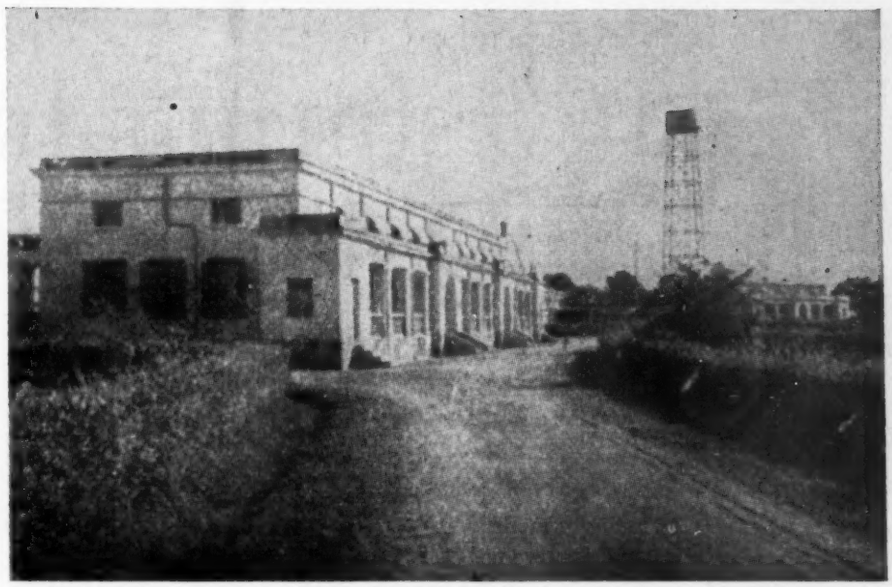
More often, orpiment (of no real value) is added when a manufacturer is about to melt seed lac for straining through bags to make shellac. Pine rosin is sometimes mixed with seed lac before melting, but it is generally regarded as an adulterant. Most factories make a pure shellac and one with 12 percent rosin. When, as in many standard contracts, deliveries are to be made which should have no more than 3 percent rosin or other impurities, the two qualities are mixed until proper proportions are achieved.

Seed lac has been exported in recent years without being turned into shellac, although it is always freed of carmine dye. Certain users prefer seed lac to shellac, although impurities naturally have to be removed by filtration and sedimentation.

Quality Highly Regarded

When washings and gradings are completed, seed lac is usually further processed into shellac, garnet lac, and button lac. Shellac, the most important, is so designated because the resin, before final breaking and packing, is stretched into so-called "shells," or thin leaves or flakes, which gives rise to its European name of leaf lac. Various qualities are orange, lemon, or standard 1. The ordinary grade is indicated by TN, enclosed in a diamond-shaped outline, the hall-mark of India's shellac trade. These letters are said to be the initials of an early exporter and to have since been adopted nationally. By trade practice, TN shellac may contain up to 3 percent rosin, but much is exported pure. A number of factories process shellac, but this is not recognized as TN, which must be hand-made.

Before it is fused over a fire, and turned into shellac, seed lac must be dried thoroughly, so it is spread on floors exposed to sunlight and air, which bleach it to some extent. When rosin or arsenic are added, a complete mixture is made bofore the melting and fusing by heat treatment. The seeds of resin are placed in long tubular bags, about 2 inches in diameter and 25 to 30 inches long. After the bags are filled with a mix chosen with regard to the quality of the product desired, they



Lac Research Institute in Bihar, India.

are taken to furnace rooms for melting and filtering. To get the finest grade of shellac, the palest colored kusmi, alone, is used; for lowest quality, dark-colored baisahki seed lac, mixed with "offals" or "molamma," are fused.

Judgment of the "Karigar"

The "bhatha," the furnace used for meltings, is an open semi-elliptical oven 4 to 5 feet long, above which is an overhanging chimney made of clay. Close to the hearth-side, but a couple of inches below it, is a stone slab or trough for water used in testing the grade of mix. The long tubular bag of crude resin is presided over by a "karigar," an experienced worker, upon whose judgment depends the quality of the shellac resulting from fusing.

The "karigar" sits at one end of the oven while an assistant at the other end twists the bags in the opposite direction to the motion of the principal who wrings the bag like a turniquet over the charcoal fire. The bag is constantly in front of the blaze, its contents being forced upward at a rate of 3 inches a minute. Meanwhile, heated resin melting from the sack falls to the stone slab before the oven, and as it oozes out the "karigar" pulls the bag forward, toward himself.

If resin adheres to the bag the operator scrapes it off. With a long wooden spoon he sprinkles the slab as he thinks necessary. If he finds that the resin oozing from the bag is insufficiently cooked, he returns it to the bag. If satisfied of proper treatment, the shellac-maker passes the fused resin to another assistant who stretches the stick mass into thin sheets, about the shape of cattle hides.

Dexterity Displayed

First, however, the soft mass after dripping from the bags is put on the outside of a porcelain cylinder containing very hot water, and a small sheet of shellac, about one-fourth inch thick and 2 to 3½ feet square, is made. The stretcher assistant draws this out to nearly 4 feet square and as thin as a rubber bedsheet. This stretching is done before the fire to retain pliability.

A sort of magician, the assistant, moving away from the fire for final pulling, grasps the bottom with his toes and the upper corners of his hands. Suspending the center with his teeth the stretcher pulls each sheet to the desired size, and occasionally bites out impurities or bubbles. Burned hands are common with new workers.

Successive sheets stretched by these "bhilwayas," or stretchers, are laid on the floor and each hour are moved further and further from the fire for annealing. After a number of sheets are made and examined, the thick edges, bubbles, and knots are removed, and with left-over seed lac are returned to the bags after regrinding to size. In larger factories sheets are quickly broken up after inspection and spread in well-ventilated cool rooms to aerate.

Many highly skilled operators live in Mirzapur, United Provinces. Other factory centers have skilled workers, but the old city is said to have the largest number of karigars, which with their two assistants can produce about a maund (82 pounds) of finished shellac a day.

Garnet and Button Lac

Garnet lac, or unstretched shellac, is exported in sheets about one-eighth inch thick just as it is taken from the porcelain cylinder after preliminary drying and also, like shellac, is broken up into small pieces. Made from darker seed lac and offals, its standard brands are labeled AC or GAL, both set within a diamond-shaped device. Trade rules permits gar-

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U. S. Investments In Foreign Dollar Bonds

By SARA E. BIELOUSS, *Department of Commerce*

AT THE END of 1941, the estimated par value of foreign dollar bonds held in the United States was $3,010,900,000, compared with a peak of $7,200,000,000 at the end of 1930.[1] The figure represents roughly one-third of the original amount placed in this country during and after the first World War. Interest received on these securities during 1941 amounted to $118,000,000, and represented a return of 3.9 percent on the par value of present holdings, even though 31.8 percent of this total consisted of bonds in partial or complete default.

The outstanding amount of foreign dollar bonds held in the United States at the end of 1941 was $130,000,000 less than at the close of the preceding year. Of this decrease, 70 percent resulted from cash amortizations or retirements, and the remainder was from other sinking-fund operations and from repatriations. Almost 80 percent of the total consisted of obligations of creditors located in the Western Hemisphere, 16 percent consisted of European issues, and the remainder included issues of various governmental and corporate borrowers in Asia, Australia, and Liberia.

Canadian Issues

Canadian issues constituted 47 percent of the total investments and produced about 50 percent of the income. The average rate of return on government issues was 4.3 percent and on corporate issues 4.7 percent of par value. On all government issues, with the exception of those of the Province of Alberta which have been in partial default for several years, interset payments were met at contractual rates; in the case of corporate bonds 95.2 percent were serviced on original terms. Maturities of nine government issues were met, and one corporate issue maturing in 1941 was extended for 10 years.

Latin American Issues

The average rate of return on Latin American issues was 2.3 percent of par value, even though these bonds generally carry high coupon rates. This comparatively low rate of return is explained by the fact that 62.6 percent of the bonds of this area were in partial or complete default. Total income received of $22,000,000 was somewhat higher than in 1940, the increase resulting from the payment of interest 5½ years in arrears on one Panamanian issue.

Other readjustments during the year involved defaulted Colombian and Cuban issues and resulted in the resumption of interest payments at a reduced rate. Of the total Latin American issues of $948,000,000, held in the United States, 92 percent consisted of government obligations, this percentage representing the highest ratio of government to private issues in any major area.

Issues of Other Areas

The bonds of Asian, Australian, and African debtors, as a group, yielded a 5 percent rate of return on par value of $241,000,000.

In spite of the fact that three Japanese issues were added to the default list by reason of the failure to pay the last coupons in 1941, issues of that country contributed 45.5 percent of the $12,100,000 of interest received.

Estimated United States Holdings of Foreign Dollar Bonds, Dec. 31, 1941

[Par value in millions of dollars]

Country	Government issues		Corporate issues		Total
	National	Provincial and municipal	Government guaranteed	Private	
Canada and Newfoundland:					
Canada	429.4	452.7	254.4	213.2	1,349.7
Newfoundland	3.6	.....	.....	.....	3.6
Total	433.0	452.7	254.4	213.2	1,353.3
West Indies:					
Cuba	55.7	.2	.....	1.3	57.2
Dominican Republic	6.9	.....	.....	.....	6.9
Haiti	5.6	.....	.....	.....	5.6
Total	6.82	.2	.....	1.3	69.7
Central America:					
Costa Rica	6.4	.....	.....	.....	6.4
Guatemala	1.6	.....	1.0	.....	2.6
Panama	11.8	.2	.3	.....	12.3
Salvador, El	4.1	.....	.....	.....	4.1
Total	23.9	.2	1.3	.....	25.4

Estimated United States Holdings of Foreign Dollar Bonds, Dec. 31, 1941 — Continued.

[Par value in millions of dollars]

Country	Government issues		Corporate issues		Total
	National	Provincial and municipal	Government guaranteed	Private	
South America:					
Argentina	121.9	60.2	.....	.....	182.1
Bolivia	53.6	.....	.....	.....	53.6
Brazil	114.3	111.4	.....	2.0	227.7
Chile	107.5	10.9	60.5	.....	178.9
Colombia	36.9	77.0	4.1	5.0	123.0
Peru	50.8	3.2	.....	.....	54.0
Uruguay	32.7	.4	.....	.....	33.1
Total	517.7	263.1	64.6	7.0	852.4
Europe:					
Belgium	9.5	3.0	.....	.....	12.5
Bulgaria	4.8	.....	.....	.....	4.8
Czechoslovakia	1.3	.6	.....	.....	1.9
Danzig	1.8	.....	.....	.....	1.8
Denmark	52.8	23.0	2.9	.....	78.7
Estonia	1.3	.....	.....	.....	1.3
Finland	1.5	3.1	1.4	.....	6.0
France	1.5	.....	.....	.....	1.5
Germany and Austria	25.6	18.5	23.1	16.8	84.0
Greece	14.8	.....	.....	.....	14.8
Hungary	6.0	7.8	11.3	6.4	31.5
Ireland (Eire)	.4	.....	.....	.....	.4
Italy	16.5	12.9	3.9	39.5	72.8
Lithuania	.4	.....	.....	.....	.4
Norway	50.1	4.2	3.3	.....	57.6
Poland	25.9	5.3	14.2	.....	45.4
Rumania	4.4	.....	.....	.....	4.4
Turkey	10.7	.....	.....	.....	10.7
U. S. S. R.	9.5	.....	.....	.....	9.5
Yugoslavia	26.5	.....	2.9	.....	29.4
Total	265.3	78.4	63.0	62.7	469.4
Asia:					
China	13.4	.....	.....	.....	13.4
Japan	48.2	11.2	15.4	25.0	99.8
Philippine Islands	22.9	7.4	2.7	1.5	34.5
Total	84.5	18.6	18.1	26.5	147.7
Oceania:					
Australia	61.2	30.1	.....	.....	91.3
Africa:					
Liberia	1.7	.....	.....	.....	1.7
Grand total	1,455.584	3.340	1.431	0.73.	0.901

European Issues

The comparatively low rate of return of 2.1 percent on par value of European issues was also primarily the result of the large number of defaults. Interest payments of $9,800,000 were received on total holdings of $469,000,000. Danish and Norwegian bonds provided 60 per-

(Continued on p. 17)

[1] Since a number of important foreign issues were delisted during 1941, no estimate of total market value has been made. At the end of 1940 the computed market value of outstanding dollar bonds still held in this country was $1,761,000,000 and the par value of the same issues was $3,140,000,000.

Venezuela Completes Strategic Rail Network

VENEZUELA, one of the northernmost of our South American neighbor republics, has completed a long-awaited link in its railway system. The 56-kilometer El Palito-Palmasola Railroad is a most important transportation development in that country.

Venezuela is approximated the size of Texas and Minnesota combined, and has a total of only about 640 miles of railway. A mere statement of the 35-mile length of the new line affords no true indication of its importance, as the previously existing rail system was incomplete without this addition. Railway track now joins five leading States (Lara, Miranda, Carabobo, Aragua, and Yaracuy), the Federal District, and the nation's chief ports.

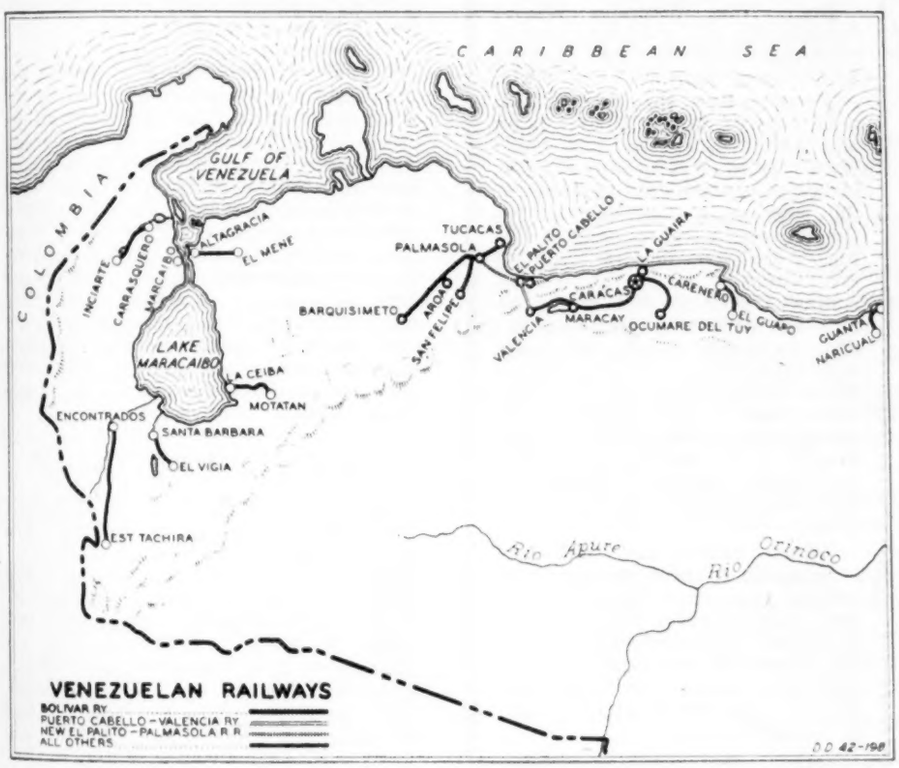
The Republic is a strategic area because it ranks second in world production of petroleum, which is of prime importance to the Americas.

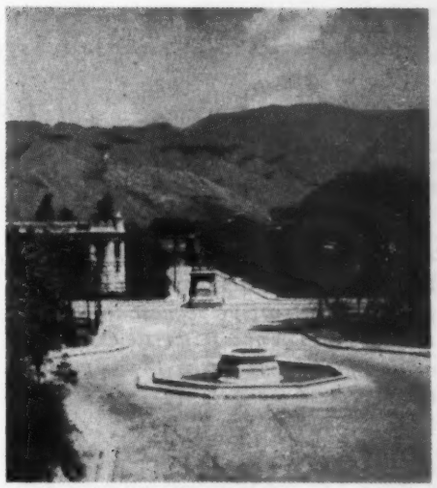
Vital Connection Provided

The new railroad provides a connection between the Bolivar and the Puerto Cabello & Valencia Railways. The Bolivar Railway runs from the small port of Tucacas to Barquisimeto, with a branch from Palmasola to San Felipe and spurs to the historic Aroa copper mines and other mining and lumber sites. The Puerto Cabello & Valencia Railway joins Venezuela's second seaport, Puerto Cabello, with Valencia. From the latter point, connections are made with Caracas, the capital; from Caracas run lines to the principal seaport of the country, La Guaira, and through the rich Tuy Valley. These routes total about 373 miles.

Therefore, the opening of the El Palito-Palmasola route joins by rail an area in which a third (1,400,000) of the population of Venezuela is concentrated. Not including the price of lands purchased, the cost is stated in round numbers as 7,400,000 bolivars, or about $2,209,000 at the current controlled rate of exchange. The Government has 40 freight cars for the line, and there is an agreement with the connected roads for joint operation.

Differences in gage prevent through traffic over all routes, but the Government envisages the eventual broadening of the gage of the important Bolivar line, of some 144 miles. At present the Bolivar has only a 2-foot gage, while the rest of the routes have wider gages. The new line and the Puerto Cabello & Valencia Railway have gages of 3½ feet. The standard gage in the United States is 4 feet 8½ inches.





Courtesy Grace Line.

Boulevard in Maracay, important city on northern Venezuela's transportation network, now rendered more effective by completion of new rail link.

New Rail Policy

Worthy of note is the fact that the railway just opened is the only new railway construction of any national importance completed in Venezuela for over two decades, except for a short extension of the Central Railway in the early twenties. It is taken by the press of Caracas to indicate a final break with the celebrated "highway policy" of a previous administration.

The succeeding Government envisioned a vast railroad scheme of 61,000,000 bolivars under the Three Year Plan of 1938. However, the plans ran afoul of financing, which was to be through 20-year loans, and only the El Palito-Palmasola line was undertaken, with Government revenues. A Danish firm was awarded the contract, and work began in July 1939. Under the present administration's Public Works Plan announced early in 1942, construction was limited to the completion of this line.

In addition to connections with mining and lumber sites, the completed network will open up some rich agricultural lands. Much of the railway network runs through mountainous regions, joining ports with the cities and agricultural areas behind the coastal ranges, and is handicapped by abrupt grades and sharp curves.

Highway Competition

Consequently, from the early days the lines have been paralleled by roadways—mule-cart roads which have since become even more strongly competing motor highways. In the 4 years 1937–40 the number of trucks and pick-ups in the country more than doubled, reaching 15,763 units. No figures on the volume of freight carried by trucks are available, but it is significant that in 1941 only three

(Continued on p. 27)

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News by COUNTRIES

Note.—Further details of announcements, marked with an asterisk (*), may be obtained by interested American exporters upon specific request to the Bureau of Foreign and Domestic Commerce or any field office of the Department of Commerce.

Argentina

Exchange and Finance

Restrictions on Operations in United States Currency.—Previous authorization of the Central Bank must be obtained for all transactions in United States currency in Argentina, according to a resolution of the Central Bank dated August 28. The restriction does not apply to amounts up to $100 previously provided for in cases of travelers to and from the United States.

Tariffs and Trade Controls

Apples and Pears: Printing Requirements on Wraps of Imported Apples and Pears Abolished; Exchange Treatment Modified.—Requirements that wraps of imported apples and pears must carry the name of the producer, the packing company, or the exporter, as well as the country of origin, were abolished by a Government decree of August 22, 1942.

The exchange rate to be applied to imports of apples and pears was also changed from the unfavorable "auction" rate of 4.95 pesos to the U. S. dollar to the "free" rate of 4.25 pesos to the U. S. dollar, by a decree dated August 26, 1942.

Alcohol and Molasses Subject to Export Control.—Exportation of alcohol and molasses was made subject to export control as a precautionary measure to prevent a shortage of alcohol in the country, according to a decree dated July 23, 1942, and published in the Argentine Boletín Oficial of July 28, 1942.

Fuel: Exportation Prohibited.—Exportation of fuel, except that which is required for consumption by boats and ships, has been prohibited by an Argentine decree dated July 22, 1942, and published in the Boletín Oficial of July 28, 1942.

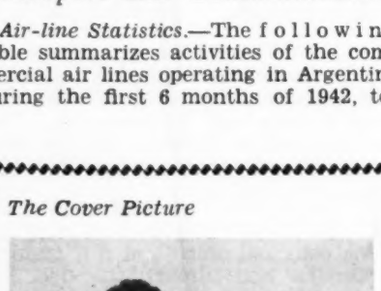
Post-War Era Offers Business Its Greatest OPPORTUNITY

Transport and Communication

Air-line Statistics.—The following table summarizes activities of the commercial air lines operating in Argentina during the first 6 months of 1942, together with comparative data for the 2 preceding years.

Item	First 6 months—		
	1940	1941	1942
Kilometers flown	732,502	887,191	1,057,442
Hours of flight	3,120	3,805	4,498
Passengers carried	19,582	25,863	24,996
Mail, kilograms	36,115	48,708	38,188
Express, kilograms	26,307	48,715	72,650

The Cover Picture



Lone Relics of a "Self-Sufficient" Realm

The picture on this week's cover—taken by William LaVarre—shows the now-desolate ruins of the fabulous Inca city of Machu Picchu, in the heart of the Peruvian Andes.

Blair Niles describes Machu Picchu today in these vivid phrases: "The pale stone walls were dazzling in the clear light. * * * The city was roofless, the thatch which once covered its buildings having long ago disintegrated and gone. Both the inner and the exterior structure of the buildings were visible, and, as if to compensate for the vanished paraphernalia of living, there were flowers blooming everywhere * * *. Stone walls supported terraced plots where the long-ago inhabitants once had gardens to supply them with grain and vegetables * * *. In my mind I pictured the city's inhabitants coming and going in the streets, priests in rich trappings, Virgins of the Sun in white robes with girdles and tiaras of gold—all fugitives from the Spanish Conquest."

Isolated in fact and isolationist in principle, keeping strictly to itself and addicted to "autarchy," the Inca realm of which Machu Picchu was a part crumbled swiftly under the assault of the conquistadores, men of a nation with world-wide relationships and an abiding faith in sea-borne trade.

Brazil

Wartime Commodity Controls

Federal Purchasing Department Authorized to Requisition Material Acquired for Public-Utility Services.—The Brazilian Federal Purchasing Department has been authorized to requisition any material required for public-utility services, for just compensation, for the duration of the present emergency, by a Presidential decree published on August 21, 1942. Requisition shall be made by means of an order issued by the director of the Federal Purchasing Department stating the amount of material requisitioned and the price to be paid therefor. In the case of an urgent necessity or in the absence of means of determining the price, requisition will be made regardless of this formality, and the amount to be paid will be determined later.

In determining the price to be paid, the Federal Purchasing Department will take into consideration the cost of the material requisitioned, and profit on the operation will be limited to 20 percent. Retention, monopoly, or concealment of material required for public-utility services is declared a crime against popular economy and subject to penalties. Whoever refuses to comply with requisition orders, hinders their execution, or creates difficulties in any way will be subject to penalties, as well as persons who obtain or stipulate a price insuring a profit greater than 20 percent over production costs or over the amount of their purchase costs.

Tariff and Trade Controls

Portland and Roman Cement: Import Duty Suspended for 3 Months.—The import duty on portland or roman cement has been suspended for a period of 90 days dating from August 18, 1942, according to a Brazilian decree-law (No. 4588) of August 15, published in the Diario Oficial of August 18, 1942, Rio de Janeiro. Cement already in Brazilian ports or which is shipped from the port of origin up to November 20, 1942, will be exempted from import duties.

The Brazilian import duty on portland or roman cement, 114.400 milreis per net ton, will again be applied after November 20, 1942.

Leaf Tobacco: Export Standards and Fees Established.—Regulations have been established to govern grading and classification standards and export packing of leaf tobacco from the State of Bahia, by a decree (No. 10218) of August 12, 1942, promulgated in the Diario Oficial of August 14, 1942, Rio de Janeiro. The decree also establishes an export inspection fee for this product.

Oranges: Export Quotas for Shipments to Argentina Announced.—An export quota of 1,250,000 boxes of oranges has been established for the Argentine market by an order of the Brazilian Orange Trade Regulating Board of the National Commission for Economic Defense, dated July 23, 1942, and published in the Diario Oficial of July 25, 1942, Rio de Janeiro. The Regulating Board has authority to increase the total quota up to 1,500,000 boxes.

Of the total quota of 1,250,000 boxes, 250,000 boxes have been allotted to cooperatives, 950,000 boxes to old authorized exporting firms, and 50,000 boxes to new export companies.

No shipments of oranges can be made without prior authority from the Orange Trade Regulating Board.

Transport and Communication

New Highway Link.—A 62-mile highway between São Leopoldo and Caxias, Brazil, has been opened to traffic, according to press reports, adding another link on the new Getulio Vargas Highway which will connect the southern part of the country with Rio de Janeiro.

British West Indies

Economic Conditions

SITUATION IN TRINIDAD

Several phases of the economy of Trinidad and Tobago showed improvement during August. Despite the fact that several thousand workers were laid off from construction at Army bases, this reduction has had little effect on the local labor market, since sugarcane farmers and mills are prepared to provide employment for more laborers than have been laid off. Food supplies have increased with the arrival of several bulk-purchase shipments. Efforts to stimulate the local production of vegetables are progressing favorably. A food-marketing system is to be established by October 1, and greater coordination between storage and transportation facilities is expected at that time.

The Legislative Council has approved appropriations for improvements to the Government stock farm, which will continue to provide assistance to dairymen and stock breeders. Another contribution to the eventual self-sufficiency of the colony has come in the form of an ordinance enabling the Government to carry out large-scale irrigation schemes. In addition, consideration is being given to the early establishment of an agricultural training school. The cocoa crop has been completely picked and is the smallest in many years.

Petroleum production, the colony's principal industry, continued to maintain capacity levels during the period under review. Other industries, with very few exceptions, produce entirely for domestic consumption and have so far derived marked prosperity from the pay rolls of the military bases. Construction activity has been somewhat slowed by virtue of a new regulation requiring owners of buildings and building materials to obtain permits to effect new construction or repairs, other than those of an urgent nature.

Average retail prices for food increased 10 points during August, causing the general cost-of-living index to advance 5 points to 164 (base year: 1935, taken as 100). Rents remained constant, but fuel and light costs rose 1 point. The rate of increase in Trinidad's cost of living since 1939 has been 47 percent, compared with 18 percent in the United States and 17 percent in Canada. The installation of new electrical equipment in Port-of-Spain is expected to be completed by mid-November. It is likely, however, that rationing of electricity will continue until the end of the year.

Transport and Communication

Trinidad's Problems.—Transportation problems in Trinidad and Tobago continue to be serious, and the Government has appointed a committee to coordinate the demands that will be made on existing facilities in order that essential requirements may receive preference.

It is planned to revise the harbor dues and the regulations concerning the use of the wharves, as well as to eventually establish a single control board for all forms of transport.

Streetcar traffic in Port of Spain, Trinidad, practically doubled during the last year, in some months showing increases of 84 percent over 1941.

Canada

Transport and Communication

Streetcars Must Run.—Street-railway services must be continued in Canadian cities during the period of the war, under a ruling by the Federal Government. The Government denied several cities permission to discontinue services and required municipalities to restore services which had already been abandoned.

Ceylon

Tariffs and Trade Controls

Exposed Motion-Picture Films: Import Duties Greatly Increased.—The import

Keen Comments on World-Economy Today

[Twentieth in a series of excerpts from notable books and speeches]

"Enough of Everything To Go Around"

This war economy is a completely abnormal situation; it is also a completely temporary situation. There will come a day when this stupendous production of military goods is no longer necessary. The gigantic factories which now work night and day to turn out implements of death and destruction will eventually exhaust their markets.

What happens then?

The answer to that question is up to us.

You can conjure up a nightmare for yourself if you choose, of course. You can imagine that all of this activity will just stop overnight; that the men who are now so busy will fall into idleness; that the marvelous strength and energy which are now being used so fully will somehow be dissipated; that the Nation which so brilliantly found the way to produce for destruction will be utterly baffled by the problem of producing for peace. You can grow despondent thinking about the terrible slump that will bring our economy down about our ears after the war.

But I do not for a minute believe that anything of the kind will happen.

We shall have no one to blame but ourselves if it does. Must we be so stupid as to throw away the skill, the resources, and the strength which we have now developed? Can't we do anything with this magnificent machine that we have harnessed for our service?

Of course we can do something with it * * * For a generation we have been living on the edge of a new world; we are only now beginning to realize it.

For the first time in the history of the human race there can be enough of everything to go around. Poverty is not inevitable any more. The sum total of the world's greatest possible output of goods divided by the sum total of the world's inhabitants no longer means a little less than enough for everybody. It means *more than enough.* The possibilities in that simple statement are beyond calculation—and what we are fighting for is the right to turn some of those possibilities into realities.

(*From a statement by Donald M. Nelson, head of the U. S. War Production Board.*)

duties in Ceylon on exposed motion-picture films (sound and silent), other than those certified as educational films, have been greatly increased by a Government order of July 20, effective July 21, 1942.

The general rate, which applies to goods of non-Empire origin, was raised from 1 to 7 Ceylon cents per foot, and the preferential rate, which applies to goods of British Empire origin, was raised from two-thirds of 1 Ceylon cent to 6⅔ Ceylon cents per foot.

[A Ceylon cent is one-hundredth of a rupee. A rupee is equal to approximately $0.30.]

Colombia

Transport and Communication

Today's Transport Troubles.—Transportation, both internal and external, continues to be a main problem in Colombia, particularly in the movement of agricultural products.

Movement of coffee has been hindered by difficulty of transportation on the Magdalena River and congestion at the Atlantic ports; consequently, coffee is now being moved to Buenaventura for shipment to San Francisco or other Pacific ports.

Costa Rica

Economic Conditions

Shipping difficulties continued unabated during June, and, as a result, the business depression became more pronounced and foreign trade fell to a new low. Lack of income from customs duties, one of the chief sources of revenue of the Costa Rican treasury, brought another heavy deficit in government finances. There was, however, some activity in road building and other forms of construction, made possible by shipments of cement in June. For the first time in many months the cost of living decreased slightly with respect to food, attributable to lower prices for corn and rice.

Handicraft Show and Home Industry Exposition

Exhibits from our Latin American neighbors, as well as from all over the United States, are to be included in the Handicraft Show and Home Industry Exposition to be held at Boston Garden, October 6 to 10, in connection with the New England Folk Festival.

Educational and governmental organizations will participate in this event, the sponsors of which contemplate an attendance of from 50,000 to 100,000 persons.

Further details may be obtained from Charles M. Dudley, Show Director, Boston Garden, Boston, Mass.

Foreign Trade

The United States continued to be Costa Rica's best customer in June, although shipments were greatly reduced in volume from those of a year ago; values also fell, but less sharply. As compared with May of this year, however, shipments to the United States more than doubled, while total exports increased slightly in weight, but decreased in value. The import picture was less extreme.

Agriculture

Exports of bananas in June, all of which came to the United States, were greatly in excess of those reported for the preceding month, but fell below June 1941 shipments. No floods or blow-downs were reported during the month.

The Inter-American Coffee Agreement continued to operate satisfactorily during June. The United States quota for the 1941–42 crop under export is already filled. Shipping difficulties, however, continued to harass coffee exporters, and many growers have ceased packing coffee and transporting it to ports where it is obliged to wait indefinitely for shipment.

United States purchases of cocoa in June 1942 considerably exceeded those of last year, both in quantity and value. Total exports, as compared with May 1942, represented volume and value increases. No new plantings were reported for June and there was no carryover on hand.

Cuba

Wartime Commodity Controls

Fuel Oil: Sugar Mills Must Declare Holdings.—Proprietors of sugar mills in Cuba are required to present to the Office of Price Regulation and Supply a sworn declaration covering the extent of their holdings of fuel oil, according to resolution No. 36 of the Office of Price Regulation and Supply, dated August 20, 1942, and published in the Gaceta Oficial of August 22, 1942.

The purpose of the decree is to determine the present stocks of fuel oil held by the sugar-grinding mills in order to determine the requirements for grinding the 1943 crop.

Tariffs and Trade Controls

Export Quotas Established for Scrap Automobile Radiators and Scrap Copper.—The Cuban Government has established an export quota permitting the exportation of specified amounts of scrap automobile radiators and scrap copper, according to a decree dated July 18, 1942, published in the Gaceta Oficial of August 27, 1942. Under this export quota, 100 tons of scrap automobile radiators and 250 tons of scrap copper may be exported from the country. The decree further provides that such scrap material may not contain brass, bronze, tin, nickel, zinc, lead, or other metals or metal alloys of value to and necessary for Cuban industries.

[While the decree does not specify any time limit in which such exportation may be effected, it is understood that the quotas will be distributed among the several local holders of nonferrous scrap and will be exhausted almost immediately.]

U. S. Department of Agriculture

Denmark

Tariffs and Trade Controls

Exchange of Merchandise During Second Half of 1942 Arranged with Netherlands.—An arrangement whereby Denmark is expected to export to the Netherlands, during the second half of 1942, machinery, fish, slaughter horses, chinaware, medicines, and seeds, to a total value of 5,400,000 Danish crowns, and in return to receive an equivalent total value of bulbs, iron products, and garden seeds, has recently been entered into, according to European press items of September 9, 1942.

A similar arrangement governing the exchange of goods during the first half of 1942 provided for reciprocal shipments to a total value of 12,000,000 Danish crowns.

[See Foreign Commerce Weekly, December 6, 1941, for an announcement of this arrangement.]

Finland

Transport and Communication

Railway Profits.—Net profits of the Finnish State Railways were higher in the first 10 months of 1941 than in the corresponding periods of 1939 and 1940, and freight carried was 7,966,000 tons, compared with 10,653,000 and 6,892,000 tons, respectively.

Ship-Movement Figures.—Total tonnage of ships entering and leaving Finnish ports was higher than in 1940, although the total number of vessels entering and leaving was less. The total number of vessels entering Finnish ports in 1939, 1940, and 1941, respectively, were

6,985, 2,589, and 2,320; the number leaving, in the same order, were 7,038, 2537, 2,247.

France

Tariffs and Trade Controls

Textile Industry and Trade: Special Tax Imposed on Sales.—A special tax of 0.30 percent ad valorem has been imposed on the quarterly turn-over of textile industries and commerce—for the benefit of the General Organization Committee of the Textile Industry and Commerce—by an order published in the Journal Officiel.

Cork: Special Sales Tax Established in France and Algeria.—A special tax of 0.30 percent on the value of cork and cork products sold each month in France and Algeria, with a minimum of 5 francs for each establishment, has been imposed by an order published in the Journal Officiel. This tax is for the benefit of the intertrade groups of foresters.

Commissariat General for Agricultural Resources Established.—A Commissiariat General for Agricultural Resources has been established in France, under the Secretary General for Agriculture, by law No. 5323 published in the Journal Officiel.

This Commissariat is to direct agricultural production and to allot quotas to be furnished by each region. Suballotments are to be made to departments, communes, and producers by regional commissioners.

Straw Manufactures: Trade Organization Committee Established.—A trade organization committee for the industry of straw manufactures has been established in France by decree No. 5385 published in the Journal Officiel.

Wheat and Other Bread Cereals: Extraction Ratios Fixed.—The minimum extraction ratios for wheat and other cereals milled into bread flours in France have been fixed by an order published in the Journal Officiel.

The new ratios are as follows, in percent of the cereal (former percent in parentheses): French wheat, 90 (85); North African wheat, 93 (90); rye, 75 (72); French barley, 68 (65); North African barley, 63 (60); maize, 90 (70); and buckwheat, 60 (not specified).

Transport and Communication

Streetcar Fare Boost Fails.—An experimental increase in streetcar fares in Marseille, France, with a view to reducing the traffic, was not successful and was suspended May 25.

The increased rate was effective during lunch hours and from 6 to 7:15 p. m. However, at these times cars were most used by working people, and these were the chief sufferers. Moreover, rates were not uniform on all lines, so that cheaper routes were overcrowded while others were less used.

French Equatorial Africa

Tariffs and Trade Controls

Rubber: Exportation Limited to Members of Rubber-Export Group.—The exportation of rubber from French Equatorial Africa has been reserved exclusively to members of the Rubber-Export Group, by an order of March 31, 1942, creating this group at Brazzaville, published in the Journal Officiel of French Equatorial Africa on April 15.

French Morocco

Tariffs and Trade Controls

Animal Hair: Exportation Restricted.—The exportation of raw animal hair from the French Zone of Morocco has been prohibited, effective March 5, 1942, by decision of the Director of Commerce and Supplies, published in the Bulletin Officiel of March 20.

After March 5, preparers of animal hair, approved by the General Group of Vegetable Fibers and Textiles, are alone permitted to purchase raw animal hair and to export prepared hair.

Morocco-Leather Articles: Exportation of Reduced Quota Permitted.—The exportation from the French Zone of Morocco of traditional Morocco-leather articles, of native workmanship of developed therefrom, has been permitted within an annual quota of 60,000 (formerly 110,000) kilograms, by a Residential order of March 15, 1942, published in the Bulletin Officiel of March 27.

[See FOREIGN COMMERCE WEEKLY of November 29, 1941, for announcement of previous quota.]

Turkish Slippers No Longer Exempted from Export License Requirement.—Turkish slippers have been removed from the list of products exempted from export license requirement in the French Zone of Morocco, by a Residential order of March 15, 1942, published in the Bulletin Officiel of March 27.

[See FOREIGN COMMERCE WEEKLY of Novemvember 29, 1941, for announcement of latest list of exemptions.]

Broomstraw, Horns, and Horn Cores: Export-License Taxes Fixed.—Export-license taxes have been imposed on broomstraws and horns exported from the French Zone of Morocco, by resolutions of January 31 and March 20, 1942, respectively, published in the Bulletin Officiel of April 3.

The new taxes, in francs per 100 kilograms, gross weight, are as follows: Millet straw and sorghum straw for brooms, 100, effective from February 1, 1942; and horns and horn cores, raw—to be worked, weighing at least 120 grams each, 100; other, 20.

Broken Peas: Export-License Tax Fixed.—An export-license tax of 90 francs per 100 kilograms, gross weight, has been fixed on broken peas exported from the French Zone of Morocco, effective from March 1, 1942, by an order of February 27, published in the Bulletin Officiel of March 20.

Mustard and Condiments: Export Standards Revised.—Regulations controlling the manufacture and exportation of mustard and condiments of the piccalilli type in the French Zone of Morocco have been revised by an order of March 7, 1942, published in the Bulletin Officiel of March 20.

Parlez-Vous Francais—or Chinese?

Men and women in Britain's armed forces may soon be speaking Chinese—at any rate many of them are reported to be studying the language by means of phonograph records. Courses in Russian, French, and German are also popular, and there are a few requests for Japanese, Hindustani, and Arabic.

Several groups of British policemen are studying Russian and German, and members of the Home Guard are said to be learning languages via phonograph in their spare time.

Courses in English are in demand among sailors in the Norwegian and Dutch merchant marine and among French-Canadian soldiers. The Free forces of France, Norway, Czechoslovakia, the Netherlands, and Poland are likewise finding these recorded lessons helpful.

Haiti

Economic Conditions

SITUATION IN HAITI

Business activity in Haiti during August continued at a slow pace. Some re-

Ask Your Department of Commerce for Basic Market Research Data

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Courtesy Office of War Information

lief, however, was obtained from the difficult import problem which had prevailed in July, but orders for goods still greatly exceed deliveries. All wholesale and retail stocks are in short supply.

Electrical dealers are faced with reduced sales owing to rationing of power, which has also adversely affected ice production. At the same time that ice producers were forced to reduce their power consumption, greater use of ice was made necessary by curtailment of electrical refrigeration facilities. Although ice production was suspended on August 20, it was expected that the ice plants would resume operations during the early part of September.

Automobile parts and accessories are becoming increasingly scare and expensive, and long-awaited shipments of tires and tubes are still not forthcoming. Application and revision of price ceilings on imported articles sold at wholesale and retail have been continued with varying degrees of success. Examples of petty profiteering and hoarding continue to be evident.

The reexportation of many articles has been prohibited by law. Goods under this ban include cement, petroleum products, vehicles, tires, and tubes. Placer gold mining in northern Haiti—affording employment to 1,000 persons—has resulted in purchases by the National Bank of some 2,500 grams of gold per month.

The increased gold production, greater employment, and higher output of sisal, the cultivation and acreage of which have been stepped up, may offset the reduction of export trade in bananas and miscellaneous products. Coffee shipments during the period under review—almost all of which went to the United States—were well below those of August 1941 from the standpoint of volume. In value, however, coffee exports are well in excess of those pertaining to the preceding period, denoting much better prices. Large stocks are awaiting shipment and must soon be moved in order to make available necessary storage space for next year's crop.

Ireland (Eire)

Transport and Communication

First Domestic Air Line.—The first internal air line in Eire was inaugurated recently when Aer Lingus Teoranta (Irish Airways, Ltd.) opened a service between Dublin and Limerick, according to the British press.

This new air line will improve transportation within the country, and its terminal in Limerick will make it a link in trans-Atlantic air service.

The round-trip fare on the line is understood to be £5.

Mexico

Wartime Commodity Controls

Priorities Established in Sale of Domestic Cement.—Cement factories in Mexico will be subject to priorities in the sale and consumption of cement, under terms of a Presidential decree, published and effective August 29, 1942. One-half of total domestic production will be made available to Government departments in the following order: National Defense, National Marine, Communication and Public Works, Mexican "Petroleos," National Commission of Irrigation, Federal Commission of Electricity, Railroads, Department of Federal District, and other dependencies. The remaining 50 percent will be available for essential civilian services in the following order: Water aqueduct and drainage, factories, machinery foundations, mosaics, granite, workers' hotels and houses, apartment buildings, private homes, and for craftsmen who use cement directly in their work or in small industries, in quantities not exceeding 10 packages.

Within 10 days following publication of this decree, cement factories and distributors are required to submit to the Ministry of National Economy a statement of existing stocks, their average monthly production from January 1, 1937, to date; and their actual production capacity. They are also required to report monthly to National Economy on the distribution of the cement produced.

Violators of the provisions of this decree are subject to fines ranging from 1,000 to 20,000 pesos.

Exchange and Finance

Restrictions on United States Currency.—The importation, exportation, carriage, trading, or holding of United States currency, except $2 bills, was prohibited by a decree published in the Diario Oficial of August 15. Transactions by the Bank of Mexico or by its agents or correspondents, when authorized, are exempted from the effect of the decree.

Holders of United States currency other than $2 bills had to present it at the Bank of Mexico, or at some other designated institution. When the quantity delivered is not more than $250, the Bank will pay the equivalent in pesos at the prevailing rate, unless it has reason to believe the person making delivery is acting on behalf of an enemy country or its nationals, or on behalf of persons considered as enemy nationals for purposes of this decree, in which case the peso equivalent of the dollars delivered will be placed in a blocked account.

If the sum delivered is more than $250 and less than $999 the Bank will satisfy itself as to the accuracy of the data contained in the statement accompanying the delivery, and on the basis of these data, and of such additional information as it may request, it will determine whether the peso equivalent should be given to the person making delivery or the proceeds blocked.

Withdrawals from blocked accounts can be made only with authorization from the Interdepartmental Enemy Property Board.

When the amount presented is $1,000 or more the Bank of Mexico will accept it only for collection and will assume no responsibility in connection therewith.

Tariffs and Trade Controls

Additional Products Made Subject to Prior Export Permits.—Caustic soda, soda ash, creosote, new and used sacks of henequen, and all products imported into Mexico that are subject to global quotas have been added to the list of products requiring prior export permits before their exportation from Mexico will be permitted, under terms of a Presidential decree published August 31, 1942, and effective the day following.

The Ministry of National Economy will grant export permits for the listed products only after the requirements of the Mexican markets have been satisfied, and subject in each case to the conditions that the Ministry will establish.

[For a list of products subject to prior export license before exportation is permitted, see FOREIGN COMMERCE WEEKLY of September 5, 1942.]

Coined and Bar Silver Prohibited Exportation; Emergency Production Tax Established.—The exportation from Mexico of silver in coin or in bars is prohibited, except when covered by a special export permit issued by the Ministry of

London Saves Millions of "Bus Miles"

London Transport is economizing on gasoline, oil, and rubber by keeping some 550 busses parked in the central part of the city during the slack hours from 9 a. m. to 4 p. m., thus eliminating the unnecessary trips outward in the morning and back in the afternoon, say British press reports.

It is claimed that this scheme will save 2,000,000 operating miles a year.

Finance, under provisions of a Presidential decree published August 29 and effective August 31, 1942.

The decree also establishes an emergency production tax of 10.92 pesos per kilogram on silver in any form. The Mining Cooperatives will be subject to the payment of this tax, but will receive a subsidy of 5.79 pesos per kilogram of silver produced.

Netherlands West Indies

Economic Conditions

Situation in Aruba

Business conditions in Aruba during the second quarter of 1942 continued good. Inasmuch as there is a steady income from the local oil refineries for practically all families on the island, there is no unemployment. The standard of living, while not high, is definitely above that found in comparable areas. Despite the fact that the cost of living has risen between 15 and 20 percent during the past year, there is no indication of hardship among the natives.

Agriculture plays a very minor role in Aruba in view of the fact that there is little fertile soil; furthermore, climatic conditions are not conducive to the raising of crops. It is, therefore, necessary to import practically all foodstuffs. The United States has long been the principal source of foodstuff supplies, but efforts are currently being made to obtain at least a part of such products from areas not so far distant. This arrangement has been instrumental in partially relieving the food shortage.

Artesian wells to augment the limited water supply are in process of being dug. Rainfall is of negligible quantity, and the island is dependent upon imports of fresh water and evaporation of sea water. If the artesian-well project is successfull, it is believed that irrigation will be possible and that agriculture will flourish. Building construction is almost at a standstill since it has been curtailed by action of the Government, which requires that all building material be registered for exclusive use in necessary construction only. Regulations provide, however, that buildings already in process of construction may be completed.

Exchange and Finance

Financial Conditions in Aruba.—Dollar exchange is available without delay to meet obligations contracted in the United States. For the Curaçao area as a whole there appears to be a greater amount of exchange in sterling than in dollars, and it is reported that arrangements have been made for the conversion of sterling into dollars. The policy of the exchange board is to allot exchange only for absolute necessities. Selling rates for sterling and dollars are 7.65 and 1.905 florins, respectively.

New Zealand

Tariffs and Trade Controls

Import Restrictions for 1943 Announced.—The New Zealand import licensing schedule for the year 1943 was announced on June 18, 1942.

The principal changes, as compared with the 1942 schedule, are: (1) The transfer of numerous additional products to the established category under which applications for import licenses are considered on their individual merits, and (2) the setting up of a new category covering products which may be imported only by the New Zealand Ministry of Supply.

The additional products for which applications in 1943 will be considered individually include: Tea; certain dried and preserved fruits; rice; inorganic acids, not elsewhere indicated; drugs and chemicals (acetone, etc.); manufactured dyes; synthetic essences; essential oils; gums and resins; ladies' hosiery; various cotton, silk, rayon, linen, jute, and hemp piece goods; yarns, including cotton, silk, rayon, coir, and flax; machinery belts and belting; canvas hose; goatskins and kidskins; patent leathers; white cement; certain building materials, including tiles and glass; cigarette paper; bolts and nuts; wood screws; chains; office machines; electrodes for electric welding; X-ray and other tubes for medical purposes; flashlight cases; enameled hollow ware; cast-iron pipes; railway and streetcar rolling stock; white lead ground in oil; cordage, rope, and twine; and kapok.

The products in the new category which may be imported only by the Ministry of Supply include: Salt, unmanufactured tobacco; sulfur; tires and other rubber products; emery paper and cloth; pulp for the manufacture of paper; measuring and certain other instruments; traction engines and tractors; industrial machinery; certain tools and hardware; various metals and metal products; unassembled motor vehicles; and petroleum and products.

No license allocations have been made for imports in 1943 of leather gloves, certain fuses, loudspeakers and parts, vacuum cleaners, sewing machines (other than industrial), refrigerators, washing machines, veneers, and plywood.

With these and a few other exceptions, the bases for granting licenses remain substantially the same as in the 1942 schedule.

The validity of 1942 licenses has been extended to June 30, 1943.

Bolivia Studies Waterway Needs

The waterways of Bolivia, a national problem, are being studied by a committee appointed recently by the Ministry of Public Works.

Water transportation, always of crucial importance in the tropical areas of the country, has become of greater moment since the market for crude rubber has been revived by wartime demands. Any project which would deepen river channels and facilitate transportation would be of immense value at the present time.

Courtesy Office of War Information

Transport and Communication

Radio Sales Revenue Mounts.—The commercial service of the New Zealand National Broadcasting Services has reported a net profit of £62,983 for the 12-month period ended March 31, 1942, according to the Australian press, £10,899 more than in the preceding year. Sales revenue has increased steadily since the broadcasting service was established. Receipts for the first complete year of operation (April 1937 through March 1938) totaled £98,419; during the period April 1941 through March 1942 gross receipts were £205,953.

Nicaragua

Exchange and Finance

Importation and Exportation of U. S. Currency Controlled.—The movement of United States currency and coin into and out of Nicaragua was placed under control by a decree of July 18, effective July 30. The importation and exportation of United States notes and coin are prohibited, except when the movement is between Nicaragua and the United States or between Nicaragua and an American Republic that has established a control similar to that of Nicaragua. Even in the excepted cases the movement must be through the National Bank of Nicaragua.

Travelers entering Nicaragua are permitted to bring in only $250 (U. S.) in money or exchange instruments. Any amount in excess of that figure must be deposited with the National Bank, from

which it can be recovered and taken out if investigation warrants such action. Persons leaving Nicaragua may take out only $250, and even then the written permission of the National Bank is necessary. The figure of $250 mentioned may be changed by the Executive.

The Exchange Commission is prohibited from authorizing the sale of exchange to persons on the Proclaimed List. Banks operating in the country may not issue or remit bills of exchange or drafts in favor of such persons.

The Directorate General of Communications is authorized to examine the mails, and the Office of the Collector General of Customs is authorized to examine the baggage entering the country, for United States notes, coins, or other classes of negotiable instruments. If such notes, coins, or instruments are found, they will be turned over to the National Bank of Nicaragua.

Paraguay

Transport and Communication

Favorable Rail Results.—The Paraguay Central Railway during the first half of 1942 achieved results which were favorable as compared with the corresponding period of 1941.

The distance operated by mixed (freight and passenger) trains increased only slightly, but the distance operated by freight trains increased nearly 25 percent.

The number of passengers carried increased by 16.3 percent, parcel traffic by 3 percent, and freight hauled by about 25 percent. All of these rather significant improvements were accomplished without any change in the number of units of rolling stock.

Spain

Tariffs and Trade Controls

Various Agreements Concerning Trade and Navigation Signed With Switzerland.—New agreements between Spain and Switzerland concerning the reciprocal exchange of goods, payments, and questions of navigation were signed at Madrid on June 13, 1942, and were approved by the Swiss Federal Council on June 30, it has been announced in the Feuille Officielle Suisse du Commerce of July 2, 1942.

The goods-exchange agreement, intended to increase the volume of trade between the two countries, contains Spanish import quotas for the particularly important Swiss export articles. The payments agreement renews the Spanish agreement to pay immediately the peseta equivalent of the amounts paid into the Spanish clearing account at the Swiss National Bank. The navigation agreement concerns the placing at Switzerland's disposal of tonnage for the Lisbon-Genoa shuttle service and for trans-Atlantic trade, and prolongs the transportation agreements signed at Madrid in the spring and fall of 1941. It will insure the continuation of such transportation for 10 to 12 months. The facilities granted Switzerland by Spain, for railway and road transportation, in the spring of 1941 are also continued.

[See FOREIGN COMMERCE WEEKLY of October 18 and December 20, 1941, for announcements concerning earlier agreements in the above matters.]

Transport and Communication

Madrid Gets More Equipment.—The city of Madrid will be provided with additional busses and streetcars under estimates approved by the Madrid Municipal Council, states the European press. Twenty-five trolley busses will be acquired, and 50 streetcars will be constructed for use in the city.

Fighting China's Food Prospects

The chairman of the Food Production Commission of Free China says that last year's program of the Ministry of Agriculture and Forestry resulted in a 5-percent increase in production of food crops over the yield of the preceding year, and he predicts an additional increase for 1942.

The increased food-production program of the Ministry is under the immediate direction of the Ministry's Food Production Commission whose aim is to increase the output of food crops throughout Free China, making each area as nearly self-supporting as possible. Particular attention will be given to the problems of transportation and proximity of producing areas to urban centers and the war zones insofar as these factors affect the distribution of and demand for food products.

Means of increasing production of food crops are (1) increase of cultivated land, (2) reduction of nonfood crops, such as glutinous rice, tobacco, etc., (3) increased planting of winter crops, (4) use of improved seeds, (5) increased use of insecticides, fungicides, and fertilizer, (6) irrigation projects, and (7) loans to farmers.

The chairman of the Food Production Commission estimates that 1942 wheat production will be 40 percent larger than last year's crop of approximately 160,000,000 piculs (the average annual yield during the 1931–40 period was 200,000,000 piculs) and that rice production for 1942 will reach approximately 700,000,000 piculs in comparison with 600,000,000 piculs for last year (about 80 percent of the average annual yield during the 1931–40 period). (1 picul=136.16 pounds.)

Switzerland

Tariffs and Trade Controls

Preserved Vegetables and Fruits: Canners Required To Hold Reserve Stocks.—Canning plants in Switzerland are required, during the year beginning May 1, 1942, to hold in stock a specified percentage of their current production of various canned or preserved vegetables and fruits, as well as jellies, sirups, and fruits for confectioners, by ordinance No. 3 of the Federal War Office for Food Supply of June 1, 1942, published in the Feuille Officielle Suisse du Commerce of June 11, 1942.

Textile Manufactures: Special Production Permits Required for Articles for Export and for Domestic Market.—The manufacture in Switzerland, for export, of all types of fabrics containing wool, cotton, linen, or hemp, as well as finished articles produced from these fabrics, is now permitted only if a special permit has been secured from the Textile Section of the War Office for Industry and Labor, under instruction No. 5T of that section of May 28, 1942, effective from June 1 and published in the Feuille Officielle Suisse du Commerce of June 9, 1942.

The same order provides that similar special production permits are required for the manufacture for the domestic market of articles containing the aforementioned textile materials, unless these articles are authorized under the provisions of order 17T of the above-named office, of April 24, 1942, which prescribes the permissible composition of various textile products.

Tunisia

Tariffs and Trade Controls

Mechanical or Automatic Lighters: Internal Taxes Increased.—The internal taxes on mechanical or automatic lighters of all kinds and their detached parts, manufactured in or imported into Tunisia, have been increased from rates ranging from 5.40 francs to 260 francs per unit to rates ranging from 8 francs to 400 francs per unit, according to kind, by a decree of March 6, 1942, published in the Journal Officiel Tunisien of March 17.

[See COMMERCE REPORTS of Feb. 4, 1939, for notice of previous change.]

Union of South Africa

Transport and Communication

Parcel Post Restricted.—Importation by parcel post into the Union of South Africa and into South-West Africa from the United Kingdom of any goods for trade purposes has been prohibited, according to the British press.

Only in exceptional cases will special permits be issued—that is, in respect to goods of the highest possible ratings, such as essential drugs and medical supplies.

This prohibition does not apply to private parcels, but forbids importation for the purpose of resale or manufacturing or processing for sale, the object being to make the maximum use of shipping space for the war effort.

United Kingdom

Wartime Commodity Controls

Food Rationing: Retailers Required to Maintain Reserve Stock.—From September 14, 1942, no retailer may sell a "specified food" unless he has 14 days' stock of that food on his premises or within one-half mile of them. The retailer will calculate the amounts of stock to be retained according to the amounts on the permits or vouchers issued to him under the Food Rationing Orders, 1942.

The purpose of the ruling is to insure that a 2 weeks' rationing requirement will be available in the event of any emergency. This will enable each district to be self-supporting and will avoid the necessity of transporting food when transport might be required for some other purpose.

Transport and Communication

Transport Pools Facilitate New "Sector" Plan.—Food transport is being controlled in the United Kingdom to effect economies in the wholesale distribution of groceries and provisions, according to British press advices.

A scheme has been adopted under which the country is divided into nine sectors. Wholesale traders may sell only to retailers in the same sector, and, notwithstanding the sector boundaries, to customers whose premises are within a radius of 40 miles.

A number of industries are organizing their own transport pools to meet the requirements of the Ministry of Food.

Uruguay

Wartime Commodity Controls

Potatoes: Maximum Sales Price Established.—Effective August 22, 1942, the price of imported potatoes, with a unit weight of at least 50 grams, sold within the Department of Montevideo, may not exceed 6.60 pesos per 100 kilograms to wholesalers; 7 pesos per 100 kilograms to retailers; and 17 centesimos per 2 kilograms to the public, according to decrees dated August 20 and 21, and published in the Diario Oficial, August 26, 1942. Prices outside of Montevideo will be fixed by the different municipalities, based on the prices in the capital, and all dealers must exhibit in a conspicuous place the sales price of potatoes.

Electric Conductor Piping: Maximum Price Established for Local Product.—A maximum price of 39.39 pesos per 100 linear meters has been established for locally manufactured electric-conductor piping of 16-millimeter exterior diameter, sold in lots of not less than 5 tons,—by a resolution dated August 7, and published in the Uruguayan Diario Oficial, August 24, 1942.

Venezuela

Exchange and Finance

Operations of Workers' Bank.—A new basic law governing the operations of the Workers' Bank (Banco Obrero) was published in the Venezuelan Gaceta Oficial of August 4. A previous law, signed on July 8, effected a partial reform of the Bank's functions, but these changes were incorporated into the law published in August.

The new law fixes the capital of the Bank at 20,000,000 bolivares. This is to consist of 13,200,000 bolivares representing the previous capital of the Bank, 3,000,000 bolivares representing the amount of a loan granted under a decree of Dec. 1, 1941, and 3,800,000 bolivares to be received from the National Treasury in the fiscal year 1942–43.

An important section of the new law concerns the issuance of mortgage notes (cedulas) by the Bank. The issue of these notes will henceforth be a regular feature of the Bank's operating procedure. The note issues will be guaranteed by the Government and will be regulated by the Administrative Board of the Bank, with the approval of the President of the Republic. The total amount of notes issued may not exceed half of the capital free of obligation. Notes will bear a maximum interest rate of 7 percent per annum, payable quarterly.

The new law sets forth in detail the procedure to be followed in connection with mortgage loans, the renting and buying of houses, and other activities of the Bank. The new provisions do not differ fundamentally from the procedure established in the law of 1936, but they contain several sections indicating that in the future the Bank will lay great stress on the promotion of low-cost-housing projects in slum areas. The Bank will continue its activity in the large-scale housing field. It is authorized to construct or acquire houses, to be sold or rented at a price not in excess of 30,000 bolivares, provided that such activities pertain to the construction of apartment buildings for workers.

The new law provides for the supervision and construction by the Bank of housing operations which, if carried out on the scale contemplated, will make the Bank a powerful factor in the national economy and will result in important contributions to the welfare and advancement of the workers of Venezuela.

U. S. Investments in Foreign Dollar Bonds

(Continued from p. 8)

cent of the total receipts. A decline of $5,200,000 from the 1940 figure of $15,000,000 may be explained largely by the failure of certain German and Italian debtors to continue payment of interest in 1941.

Interest-Default Status of Foreign Dollar Bonds, by Countries, Dec. 31, 1941 [1]

[In millions of dollars]

Country	Issues not in default		Issues in default		Ratio of defaults to investments
	Original terms unchanged	Terms adjusted	Partial	Complete	
Canada and Newfoundland:					*Percent*
Canada	1,291.8	21.2	35.4	1.3	2.7
Newfoundland	3.6				
Total	1,295.4	21.2	35.4	1.3	2.7
West Indies:					
Cuba	8.6	48.6			
Dominican Republic	6.9				
Haiti	5.6				
Total	21.1	48.6			
Central America:					
Costa Rica			5.6	.8	100.0
Salvador, El				4.1	100.0
Guatemala		1.0	1.3	.3	61.5
Panama	3.9	.8		7.6	61.8
Total	3.9	1.8	6.9	12.8	77.6
South America:					
Argentina	126.3	50.2		5.6	3.1
Bolivia				53.6	100.0
Brazil	2.0			225.7	99.1
Chile	22.9	20.4		135.6	75.8
Colombia	12.1	13.3		97.6	79.3
Peru				54.0	100.0
Uruguay	.1	31.3		1.7	5.1
Total	163.4	115.2		573.8	67.3
Europe:					
Belgium	9.5			3.0	24.0
Bulgaria				4.8	100.0
Czechoslovakia				1.9	100.0
Danzig				1.8	100.0
Denmark	78.7				
Estonia				1.3	100.0
Finland	4.6	1.4			
France	1.5				
Germany and Austria		1.8		82.2	97.9
Greece				14.8	100.0
Hungary		3.4	5.9	22.2	89.2
Ireland (Eire)	.4				
Italy				72.8	100.0
Lithuania				.4	100.0
Norway	57.6				
Poland				45.4	100.0
Rumania				4.4	100.0
Turkey	10.7				
U. S. S. R.	9.5				
Yugoslavia				29.4	100.0
Total	172.5	6.6	5.9	284.4	61.8
Asia:					
China	1.1			12.3	91.8
Japan	74.7			25.1	25.2
Philippine Islands	33.1	1.4			
Total	108.9	1.4		37.4	25.3
Oceania:					
Australia	91.3				
Africa:					
Liberia		1.7			
Grand total	1,856.5	196.5	48.2	909.7	31.8

[1] By interest default is meant the failure of the borrower to pay interest in conformity with the provisions of the bond indenture—the gold clause excepted.

Negotiations often result in the lowering of the contract rate of interest, the cancelation of past-due coupons, the issuance of income bonds in exchange for the original bonds, or some other solution thought of as permanent. When such revisions are accepted by the bondholders and adhered to by the debtors, the contracts are considered as having been amended, and the issues are treated as no longer in default.

For the purposes of the above table, interest default was based on the status of the last coupon payable in 1941. Certain Mexican, Soviet Union, and Chinese issues long in complete default as to both principal and interest are excluded from these estimates.

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News by COMMODITIES

Aeronautical Products

Airplane Construction in Argentina

What is probably the first modern plane constructed by a private company in Argentina was recently demonstrated before a group of Argentine aviation officials.

The plane is a low-wing monoplane, built entirely of wood, and powered by a 65-horsepower engine made in the United States. It is said to have given satisfactory performance in preliminary flight tests made by the Army, and will receive a certificate of airworthiness.

Automotive Products

Producer-Gas in Canary Islands

Vehicles operated by producer gas made their first appearance in the East Canaries last spring, prompted by the severe gasoline shortage.

About six makes of gas generator have been advertised in the city of Las Palmas de Gran Canaria and considerable promotional work has been done, but only about a dozen units had been installed in motor vehicles by mid-August.

Producer-gas generators in the East Canary Islands are understood to use charcoal obtained from the island of La Palma.

Wood Gas Used in Estonia

All motor vehicles in Estonia, Latvia, and Lithuania are required to use wood gas as motor fuel, according to the Axis press, and its use on locomotives is being considered.

Wood Shortage in Germany

German firms are working intensively on the production of coal-gas generators, since the manufacture and installation of wood-burning units was prohibited because of shortage of wood, states the European press.

To produce the equivalent of 1 quart of average-quality gasoline, 2.5 kilograms of wood are said to be required in the German-type generator. Supplies of wood for this purpose must now give way to other uses.

Start Today
To Build Demand
for Your Products
Tomorrow

Beverages

More Molasses Used in U. S. Possessions

All restrictions on the use of molasses in the United States possessions outside continental United States were removed September 1 by the Director General for Operations with issuance of amendment No. 3 to Order M–54.

Effect of the amendment is to permit the use of molasses in Puerto Rico and the Virgin Islands which, because of the shipping situation, probably would have to be thrown away otherwise. One of the principal uses for molasses in these areas is in the manufacture of rum. The order will permit manufacture of rum, but, as long as the shipping situation continues acute, importation of rum will not be possible.

Wine Crop in Morocco

The 1942 wine crop in Morocco is estimated at from 550,000 to 600,000 hectoliters (1 hectoliter=26.42 gallons), compared with 500,000 hectoliters in 1941.

Although the current crop is somewhat larger, the quality is not up to the standard of previous years.

Union of South Africa Uses More Brandy

South African wine producers are expecting greater demand for brandy as whisky stocks become depleted. No more whisky may be imported into the country, and the popular "whisky and soda" may become "brandy and soda," states the African press.

South African brandy has made great strides during the last few years and is especially popular in Britain and Canada, it is stated.

Nazis Recover Copper From Coins

Germany's critical need for copper is reflected in the British press report that copper coins are being taken out of circulation in the Reich and salvaged for their metal content. It is estimated that the original coins contained 3,980 metric tons of pure copper and that approximately 3,000 tons can be recovered.

Most of the coins now in use in Germany are made of zinc, silver, aluminum, or aluminum-bronze.

Chemicals

Fertilizer Experiments in Canada

Basic slag from steel furnaces is used for making fertilizers in experiments now being carried out in Nova Scotia, the Canadian National Research Council, Ottawa, has announced.

Mexico's Chemical Imports

Mexico's imports of a number of chemical products indicated an upward trend in 1941. The following table shows import figures for the first 10 months of 1941 for important chemical items, compared with the same period in 1940:

Item	1940	
	Amount	Value
	Kilograms	*Pesos*
Caustic soda	13,645,064	3,560,109
Potassium and sodium carbonate	13,640,844	2,240,819
Potassium and sodium chlorate	621,191	662,750
Sulfur	2,906,476	437,652
Ammonia	484,422	280,656
Ammonium sulfate	597,132	144,550
Sulfites, bisulfites, trisulfites, etc	303,453	323,858
Acetyl-salicylic acid	58,481	990,502
Alcohol or ether solutions	18,165	1,023,667
Dynamite	178,057	250,403

Item	1941	
	Amount	Value
	Kilograms	*Pesos*
Caustic soda	17,016,460	4,012,012
Potassium and sodium carbonate	19,694,085	2,883,269
Potassium and sodium chlorate	210,260	521,027
Sulfur	3,713,844	557,660
Ammonia	772,725	476,744
Ammonium sulfate	33,196	20,341
Sulfites, bisulfites, trisulfites, etc	679,566	537,814
Acetyl-salicylic acid	51,307	926,701
Alcohol or ether solutions	8,855	404,97
Dynamite	380,047	449,693

Coal, Fuel Oils, and Gases

Argentina's Fuel Situation

By taxing liquid-fuel producers and coal importers, the Argentine Government, early in June, set up a special fuel account. Funds from this account are

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to be applied primarily to the purchase of merchant vessels, particularly tankers, for the State fleet, in order to insure, if possible, continued supplies of imported crude petroleum and fuel oil, on which the country's industries and public utilities so largely depend. From the same account the intensified exploitation of Argentine coal mines will be financed, and any remaining funds will be used to reduce the State's loss in its basic-price corn purchases.

Funds for this account were set up by a decree which (1) fixes the price of fuel oil at 98 pesos per ton, of Diesel oil at 116 pesos, and of gas oil at 138 pesos, representing approximate increases of 25.6, 20.8, and 16.9 percent, respectively; (2) provides that producers of liquid fuel shall deposit in a special fuel account 38 pesos for each ton sold when the fuel is processed locally from domestic crude petroleum. Further, provision is made that the amount deposited, when the fuel sold is either imported or produced from imported crude petroleum, shall represent the difference between its cost, plus a reasonable profit, and the maximum prices fixed; (3) requires coal importers to deposit 5 pesos per ton of their coal sales, but authorizes them to increase their sale prices a like amount.

Curtailment of liquid-fuel consumption, and compensatory increased use of nationally produced fuels, such as wood, charcoal, and, above all, corn, are indirect benefits expected to accrue from this measure.

Construction

Argentina's Building Permits Decrease

Building activity in Buenos Aires during the first 5 months of this year was well under the level of the corresponding period of 1941, and the subsequent midsummer pick-up now seems likely to end, as a result of a recent decree restricting sales and deliveries of iron and steel to private builders.

The number of building permits issued in the Federal Capital during the first 5 months of 1942 was 6,033 with a value of 62,897,155 pesos, compared with 7,144 permits valued at 68,229,737 pesos during the like period in 1941.

Reduced Building Activity in Australia

Building activity had an unbroken trend downward in the six capital cities of Australia (excluding government buildings) during the 10 months beginning July 1941 through April 1942.

The value of building permits issued was £13,047,000 for this period, compared with £22,587,000 for the 10 months ended April 1941.

Permits Required in British West Indies

All owners of buildings and building materials in Trinidad and Tobago must now obtain permits to effect new construction or repairs other than those of an ordinary or necessary nature.

Development schemes, mainly housing, showed a 6 percent increase in 1941 as compared with 1940.

Rags Become Riches

So essential to Britain's war effort is every scrap of rag that it is now deemed illegal to destroy, throw away, or abandon any rag, rope, or string; to put any rag, rope, or string in a refuse bin or other receptacle used for domestic or trade refuse; or to cause or permit any rag, rope, or string awaiting or in the course of collection or sale to be or become mixed with any material or article other than rag, rope, or string. This does not apply to any fabric, material, or article injurious to health or otherwise offensive—but it certainly shows that England *wants rags saved.*

New Hydroelectric Plant in Ireland

Plans are under way for a new hydroelectric project on the Cummeragh River, to become a link in the Shannon power system, according to British press advices.

The site, about 5 miles from Waterville, is said to be ideal, as the Cummeragh River drains the Derriana, Nahiska, Namona, and Cloonaghlin high-altitude lakes, as well as a number of other mountain lakes.

Spanish Morocco to Build New Factory

A branch factory for salting and preserving fish will be built at Villa Sanjurjo, Spanish Morocco, by a firm with head office in Valencia, Spain, according to press despatches.

The factory will be modern, with an initial capacity of 5,000 cases and 200,000 casks (40 kilograms each) of salted fish yearly and 400 cases of preserves daily. It will reportedly have its own wharves and ships and houses for its 200 employees.

Official OWI Photo

Electrical Machinery and Equipment

Mexico's Imports

A large part of the electrical machinery and apparatus purchased by Mexico during the first 10 months of 1941 was supplied by the United States, according to official figures. The only other country participating to any important degree in this trade was Sweden, which furnished most of the telephone equipment.

Radio receiving apparatus imported from January through October 1941 was valued at 8,412,053 pesos—approximately 47 percent more than during the corresponding months of 1940—and the United States is credited with all the new business. The value of generators and motors imported was 2,132,387 pesos, an increase of approximately 500,000 pesos over imports during the first 10 months of 1940, with equipment from the United States accounting for 1,802,043 pesos, or approximately four-fifths of the amount.

Approximately two-thirds of the orders for telephone apparatus were filled by Sweden, the total value of imports of this type being 3,447,571 pesos and the value of goods from Sweden, 2,411,354 pesos. During the first 10 months of 1940, the total was 3,394,769 pesos. The value of electrical measuring instruments declined sharply, equaling only 713,425 pesos, compared with 1,034,306 pesos in the corresponding period of 1940.

New Power Plant in Spain

A new electrical power plant is being built at Viella, Spain, in the Pyrenees, according to European press reports, at an estimated cost of 100,000,000 pesetas (approximately $9,130,000). When completed the plant will have an annual output of 57,000,000 kilowatt-hours.

Foodstuffs and Allied Products

Fruits and Nuts

Iran's Raisin-Crop Prospects

Raisin production in Iran for the year ending March 20, 1943, is estimated at 20,000 metric tons, compared with the 30,000 tons harvested during the year ended March 20, 1942.

Data covering stocks are not available, but it is known that because of the sugar scarcity raisins are not being eaten in rural districts, and distillers are making greater use of this product in their operations.

Switzerland's Fruit-Juice Industry

Partly as a result of Government assistance, production of nonalcoholic beverages from fruits has made remarkable

progress in Switzerland during recent years.

A recent decree prohibits the distillation of spirits from any fruits which are suitable for fresh consumption, preserving, or for the production of nonalcoholic fruit juice. Approximately 120,000 tons of apples and pears will be utilized this year for the production of sweet cider.

Switzerland is said to lead in the European field as a producer of fruit juices.

Toffee Manufacture in Union of South Africa

A plant to manufacture "concentrate toffees" from citrus fruits has begun operation in Johannesburg. The first of its kind in South Africa, it can handle about 5 tons of citrus fruit a day.

The "toffee" is said to contain all the solids and nutritive qualities of orange juice, in unimpaired form. Portions of the skin are used for the extraction of orange oil, and other parts are candied.

These "concentrate toffees," tested and approved by the South African Institute for Medical Research, offer the interesting possibility of being exported to Britain and other countries where citrus fruit is unobtainable under war conditions. The toffee concentrates are about one-tenth the weight of the raw material, and four daily, the manufacturer claims, will supply an individual's requirements for vitamin C.

Grain and Products

Wheat Yield in Mexico

The current wheat yield in Mexico is estimated at around 430,000 metric tons, or about 110,000 tons more than the 1941 harvest. The increase, in large part, resulted from favorable weather conditions. Despite the increased yield, some wheat will have to be imported; consumption during the current crop year is estimated at around 500,000 tons.

Rice-Growing in Spanish Morocco

Experiments in the growing of rice in Spanish Morocco are reported in the European press to have been successful. The Larache region, in which rice growing is regarded as practicable, lies between Port Lyautey and Petitjean, in the marshes of Medjas, where about 10,000 hectares are available for cultivation. A high-quality rice of the Valance type will be cultivated, according to plans.

Spanish Zone rice yields equal those of Spanish and Italian rice fields.

Uruguay's Wheat Production

The 1941–42 wheat crop of Uruguay, estimated at 371,975 metric tons, is of excellent quality, and the largest since 1938–39. From 40,000 to 50,000 tons will be available for export.

Recent wheat-crop yields are shown in the following statement:

	Metric tons
1937–38	451,103
1938–39	420,787
1939–40	269,467
1940–41	192,140
1941–42	371,975

Spices and Related Products

Exports from British West Indies

Approximately 40,478 hundredweight of nutmegs were exported from Grenada, British West Indies, during the first 6 months of 1942, compared with 27,129 hundredweight in the corresponding period of 1941. Mace exports during these periods increased from 5,738 to 7,806 hundredweight.

Iron and Steel

Increased Activity in Sweden

The sale of a number of mines, many not worked for years, is indicative of the increasing activity in the Swedish iron industry.

A large manufacturing company purchased all shares in the Mossgruvornas Gruv Aktb., the sale including the iron mines in the Province of Orebro which have not been worked since 1924. The new owners will reopen the mines and operate them and also the nearby Skottgruven mine, which it also acquired recently, under the name of the former company.

Six iron mines in the Province of Uppland, after being idle for 10 years, will be put into operation by their recent purchaser, Stora Kopparbergs Bergslags Aktb., mine owners and manufacturers. The iron ore is chiefly calciferous magnetic with a comparatively high manganese content. Small quantities of hematite also are present.

The Haksbergs Nya Gruf Aktb., a mining concern, has increased its activities in Norberg in the Province of Vastmanland by purchasing the iron mines of Gruv Aktb. Stark. These mines have a rich supply of iron ore with an iron content of approximately 45 to 50 percent. The output has been steadily increasing, and the new owners will open another shaft to accelerate production. Several thousand tons of ore are said to be ready for shipment to Germany.

Japs' "Diet of Worms"?

In Japan, if you're feeling under par, listless, lacking in energy, or otherwise depressed by the war news, you can have a pupae, or silkworm cocoon, to give you that needed vitamin B, say reports.

Cocoons which would normally go into silk kimonos—of which there must be quite a surplus in Nippon at present—are being diverted to new uses, among them the production of oils and vitamin B extracts.

Last fall a new Jap firm known as the Silk Utilization Company was organized to explore the workable possibilities of silkworm pupae. To ensure an adequate number of the larvae for experimental purposes, the Japan Silk Control Company was given strict supervision over their distribution.

Courtesy Office of War Information

Leather and Related Commodities

Ireland's Boot and Shoe Industry

Boot and shoe production in Eire in 1941 came to 381,000 dozen pairs, compared with 387,000 dozen pairs in 1940, and 400,000 dozen pairs in 1939.

The largest boot and shoe factory is situated in Cork, and, according to information received from that concern, there has been a reduction in boot and shoe output since 1939. In view of the serious situation regarding supplies of raw materials, a further decrease for 1942 is expected. There is also said to be a severe shortage of tanning materials, formerly imported from abroad.

Boots and shoes may now be purchased only upon surrender of ration coupons, the primary object of the rationing being to prevent persons not normally resident in Eire from purchasing these items, it was stated.

Lumber and Products

Activity in Canada

The lumber industry of the Maritime Provinces of Canada is utilizing all available forms of transportation to aid the war effort and to overcome shortages.

There has been a much greater use of sailboats this season for transporting lumber and logs through the Maritime Provinces, especially on rivers and bays, and to eastern United States ports. Scows which were formerly operated by

gasoline engines have been fitted with masts and sails; they are used on hauls of 25 to 100 miles, mostly in protected waters. Delivery has been slowed up, but there has been a saving in gasoline.

The tire and gasoline shortage has also caused a great demand in the Maritimes for lumber wagons. Many wagons, unused for years, have been reconditioned and are now replacing trucks for carrying lumber and logs. More horses have been brought in than at any time since motorization. Portable- and stationary-mill operators, logging contractors, and woodlot owners are buying draught horses imported from Ontario and western Canada.

British Columbia is carrying out a reforestation project, which calls for the planting of 10,000,000 trees a year. The trees being planted are Douglas fir, western hemlock, and red cedar.

Red-cedar lumber, which is both light and durable, is proving satisfactory for planking lifeboats, Canadian press reports state.

British Columbia boat builders specializing in small craft are making large numbers of these red-cedar lifeboats to supply the many new 10,000-ton steel freighters now being built in Vancouver shipyards.

A number of women are now working in a plywood plant in Port Alberni, British Columbia, carrying out many of the lighter manufacturing processes, according to a Canadian trade publication.

The Provincial government of Quebec, Canada, is setting up a bureau of forestry information for the purpose of helping farmers and settlers with forestry problems, according to the Canadian press.

The bureau will encourage the use of forest lands and wood lots to the best advantage, in order to make the exploitation of timber limits both sound and profitable. The Province will be divided into districts, with a government forest engineer in charge of each district.

Right to the Point!

In war economy every scrap counts. Government offices in Britain have been ordered not to use pencil-sharpening machines, as it is considered that they cut off more wood than the old-fashioned penknife method.

Pencils have been put under control. They will no longer have gold lettering or erasers, and plain wood will probably be used. There will be a reduction in the number of types, in order that labor and materials may be released for more important work.

Indian Spruce Used in Aircraft

India's production for the war effort has been increased by the discovery that Indian spruce, of which there is a plentiful supply, can be used in the manufacture of aircraft.

In the past, Indian wood was not suitable for making airplanes, as long spars of practically perfect timber were required, and these cannot be produced from Indian spruce or fir. However, under new production methods, 75 percent of the timber now used is in short lengths, which India can furnish in good quality. Lamination has also made possible a greater use of shorter lengths.

Mexico Imports Lumber

Mexico's imports of lumber for construction purposes during the first 10 months of 1941 showed an increase of more than 60 percent over the same period in 1940.

Imports of lumber and plywood during these periods were: Lumber for construction, 1940, 10,773,719 kilograms, valued at 1,566,215 pesos; 1941, 17,184,775 kilograms, 2,517,747 pesos. Plywood, 1940, 1,622,500 kilograms, 1,060,318 pesos; 1941, 1,285,781 kilograms, 746,416 pesos.

Machinery Other Than Electrical

Canadian Imports

Canada imported farm implements and machinery valued at $2,732,417 during April 1942, a drop of $463,302 from the $3,195,719 worth imported in April 1941.

The most marked decrease was in tractors. In April 1942 imports were less than 50 percent, both in value and number, of those for the corresponding month of 1941. The value of tractor repair parts imported in April 1942. However, was greater than in April 1941. The number of cream separators imported dropped from 769 in April 1941 to 46 in April 1942, and sharp decreases were also shown in milking machines, power churns, and threshers.

Almost twice as many combines were imported in April 1942 as in April 1941, and their value was more than 150 percent greater. Generally speaking, imports of cultivating machinery were also larger in April 1942 than in April 1941.

Further details of leading classes of imports are shown in the following table.

Item	April 1941		April 1942	
	Number	Value	Number	Value
Cream separators	769		46	$2,733
Separator parts				4,759
Milking machines		$49,679		20,415
Pasteurizers				2,617
Power churns		34,410		14,978
Harvesters	9		150	71,749
Hay presses				2,063
Mowers	72		162	23,842
Horse rakes and cultivators		[1] 37,701	47	65,382
Grain drills		37,665		55,992
Disk harrows		14,577		25,899
Drag harrows		11,430		11,326
Moldboard plows		94,770		126,800
Disk plows		23,188		25,830
Tractors	2,479	1,829,036	1,085	901,528
Tractor parts		689,272		877,299
Windmills		5,298		5,792
Hay loaders	61			3,943
Grain cleaners		7,838		2,330
Combines	174	131,294	322	334,306
Lighting plants		4,666		4,038
Grinders	22	5,399	125	11,158
Sprayers and dusters		43,220		53,947
Potato diggers			112	19,701
Threshers		24,078		3,069
Thresher parts				10,803
Feed cutters	11	1,951		4,657
Vegetable graders		5,078		14,677
Land rollers	103			733
Manure spreaders	49		30	7,489
General implements, n. e. s.		22,449		5,327

[1] Cultivators only.

Mexican Imports

The value of tractors imported by Mexico was more than twice as great from January 1 through October, 1941, as during the corresponding months of 1940. During the first 10 months of 1941, imports were valued at 7,307,037 pesos and weighed 1,234 kilograms; during the first 10 months of 1940 the value was 2,717,533, and weight 482 kilograms.

Agricultural machinery imported increased from 2,135 kilograms valued at 1,019,635 pesos during the first 10 months of 1940 to 4,482 kilograms valued at 1,636,290 pesos during the corresponding period of 1941.

Medicinals and Crude Drugs

Substitutes Used in France

Various substitutes have been devised to meet the scarcity or complete lack of important medicinals and related products in France.

Cod-liver oil, for example, is replaced by tunny-liver oil under the guise of chocolate sweets. Mercurochrome supplants iodine, and derivatives of oleaginous plants take the place of vaseline. Sterilized cotton and gauze are made from rayon. Experts are also trying to discover substitutes for certain other natural products, such as mustard powder.

Courtesy Office of War Information

Quinine Production in India

In an effort to formulate a workable quinine policy, a group representing Indian chemical and drug manufacturers met in July with a government official at Calcutta.

At this conference a long-term policy encouraging cinchona cultivation was urged to make India self-sufficient. Certain Provincial governments have agreed to promote quinine production and to economize on current stocks. It was believed that, with a larger Bengal production, prudent use of available stocks, and the cooperation of the middlemen, it would be possible to meet quinine requirements for the next 5 years or more.

Motion Pictures and Equipment

Situation in France

All film waste, such as old films and strips of film, in occupied France must be declared by the owners and delivered to enterprises authorized by the Nazi Militärbefehlshaber in Frankreich, according to orders issued recently. The materials thus obtained are to be used in manufacturing chemical products, it is stated.

Mexican Imports Increase

The value of motion-picture film imported by Mexico from January 1 through October 1941 was approximately 40 percent greater than during the corresponding period of 1940, increasing from 38,570 kilograms valued at 691,212 pesos to 50,672 kilograms valued at 968,310 pesos. Motion-picture apparatus imported during the first 10 months of 1941 was valued at 379,828 pesos, compared with 344,166 pesos during the corresponding period of 1940.

Nonferrous Metals

Developments in Canada

The crushing plant of the Mic-Mac copper mines in Quebec, Canada, is now in operation and, according to press reports, the anticipated daily capacity is 500 tons. The concentrates will be treated at the Noranda smelter at the rate of 50 tons a month.

A new thermal method for the extraction of magnesium has been developed by a Montreal scientist, and the Canadian Government is constructing a plant at a cost of over £1,000,000 to apply it on a commercial scale, press reports state. The initial daily metal output is estimated at 2 tons and, as new units are added, production will be stepped up to 20 tons daily, according to press reports.

U. K. Devises Economy Measures

The British campaign for economy in the use of tungsten steel includes reclamation of worn and broken tungsten carbide tool tips.

In reclamation centers salvaged tips are purchased, and methods for removing the tips and brazing them to shanks for reuse are demonstrated. Information on economy methods is also presented in a pamphlet issued by the Machine Tool Control.

To supplement its supply of wolfram, the British Government is encouraging production by individuals and small groups of workers through a plan for purchasing small quantities of rough concentrates of an assay value as low as 10 percent WO_3.

Office Equipment and Supplies

Mexican Imports

Mexican imports of printing inks increased considerably during the first 10 months of 1941 as compared with the corresponding period in 1940. During January through October 1941, 271,208 kilograms were imported, valued at 1,131,930 pesos; in the same period of 1940 imports amounted to 215,906 kilograms, valued at 971,718 pesos.

Sawdust Trail

A Canadian motorist, whose car is his only means of transportation to and from work, finding one of his tires seemingly beyond repair, filled it with sawdust.

He reports that a sawdust-filled tire is standing up to daily use. Although wooden tires have been tried out in a number of places, this is believed to be the first instance in which sawdust has been substituted for air in tires.

Manufacturing in U. K.

Pen points and parts for tanks and airplanes are being made in the same factories in Great Britain, according to press reports. Approximately 90 percent of the country's pen-point manufacturers are now making some sort of munitions, it is said, and are finding their employees well adapted to the new work.

In prewar days, 460 types of pen points were made; this number has now been reduced to 64. The continued manufacture of some pen points is essential, however, to satisfy the needs of munitions plants, Government offices, banks, and schools. The mapping services also require large quantities of special points.

Oils, Fats, and Oilseeds

Situation in Argentina

At the end of June, total unsold linseed-oil stocks of the Argentine Government were reported at 35,000 metric tons.

Soap Shortage in British West Indies

To encourage more effective use of vegetable oils, the government of Trinidad and Tobago has appointed a committee to establish standards for locally made laundry soap, of which a shortage has developed.

Mexico Increases Crop Acreage

Mexico's oil-bearing crops, such as sesame, peanuts, and flaxseed, show large increases in acreage over 1941, in some States as much as 50 percent.

Paints and Pigments

U. K. Utilizes Waste Material

Waste material which has been accumulating for centuries around the slate quarries of Cornwall and Wales is being turned into camouflage paint to aid in Britain's war effort.

Time is more valuable than raw material in making tiles or slates. A piece of slate rock which does not split easily into the desired shape is discarded; furthermore, great slabs of rock have remained in their original formations because they were in such positions that they could not be worked. Color preferences have also added to the waste material—slate having a pinkish tone is usually rejected. For every ton of finished slate produced, waste runs from 6 hundredweight to 7 tons.

Millions of tons of waste have accumulated, and for years it has been a problem to mineral experts, but the war has uncovered uses for it. Ground into a coarse powder, 40 to 80 mesh, it is used in the making of camouflage paint; when finely ground, up to 300 mesh, the powder makes a filler for paint to be used as an undercoat for metallic surfaces. It also makes a cheap distemper in roofing felt to replace tiles for war factories.

Paper and Related Products

Production in Finland

Because of a labor shortage, only one-third the normal number of logs were felled in Finland for export during 1941. In view of Germany's demand for chemical wood pulp for munitions purposes, it is not surprising that production of wood pulp increased somewhat above the preceding year and that exports of chemical pulp nearly doubled. On the other hand, production of newsprint during 1941 fell off considerably.

Production of chemical wood pulp increased from 530,000 tons in 1940 to 590,000 tons in 1941, and exports of chemical pulp increased from 260,000 to 490,000 tons. The latter was a great improvement over the preceding year, but approximately half of the normal export volume. Although the production of mechanical pulp decreased from 50,000 tons in 1940 to 20,000 tons in 1941, exports of mechanical pulp were 14,000 tons in 1940 and 27,000 tons in 1941, about one-tenth of normal.

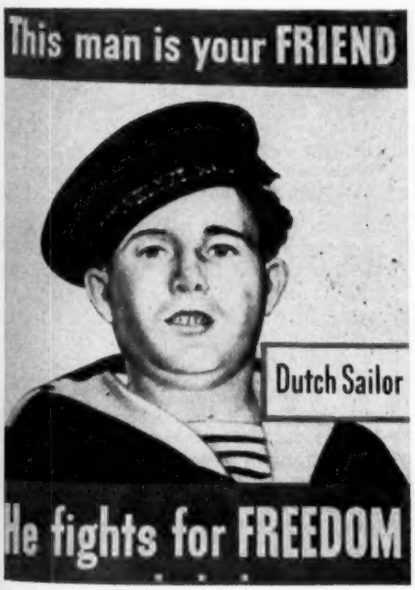
Although newsprint output decreased from over 80,000 tons in 1940 to little more than 50,000 tons in 1941, manufacture of other paper increased from 140,000 tons in 1940 to approximately 190,000 tons in 1941. Exports of newsprint decreased from 65,000 tons in 1940 to slightly over 50,000 tons in 1941; exports of other paper increased from a little less than 40,000 tons in 1940 to nearly 100,000 tons in 1941.

Paper exports in 1941, on the whole, however, were approximately one-third of exports before the war.

For newsprint and other paper the average price in 1941 was 20 percent higher than in 1940.

U. K. Conserves Paper

To conserve paper in the United Kingdom, a number of brewers have eliminated labels from bottles and depend upon lettered crowns to identify the contents.



Scientific and Professional Equipment

Australia Produces Optical Glass

Australia is now producing sufficient optical glass to meet all domestic needs, according to the Empire press. Practically all the raw materials required are obtainable locally, and the quality of the glass produced is said to be equal or superior to that formerly imported.

Most of the glass is being used in military instruments, but plans are being made to utilize it after the war in the manufacture of compasses, microscopes, cameras, telescopes, and binoculars.

Manufacturing Restricted in France

The manufacture of optical and other professional instruments and of certain photographic supplies has been prohibited in France. Included in the list of articles which can no longer be made are opera glasses, telescopes, microscopes, apparatus for use in physics and chemistry, cameras with or without lenses, photographic accessories except film and glass-plate frames, apparatus and machinery for the preparation of films, projection and magnifying apparatus, house barometers, and mathematical-computation instruments. The manufacture of eyeglass frames of precious metals is also forbidden.

Shipbuilding

Italy Expands Shipbuilding Program

The plans of the Italian Corporation for Aviation and Shipping include a greatly expanded shipbuilding program, according to the European press.

Producer Gas for Swedish Ship

The first cargo vessel to be fitted with a 2-cycle Västervik motor of 17 horsepower and a producer-gas installation of new type was recently tested at Stockholm, Sweden, states the European press. The cost of operation of the 200-ton deadweight vessel is reported as 5 Swedish crowns per hour (about $1.19) less than with liquid fuel.

Soaps and Toiletries

Haiti's Imports

Soap imports into Haiti during the 8 months ended with May 1942 amounted to 1,319,300 kilograms valued at 917,500 gourdes (5 gourdes equal $1). Receipts of perfumeries and toiletries during these months were valued at 345,300 gourdes. In May 1942 soap imports were valued at 75,000 and perfumery and toiletries at 8,000 gourdes.

Textiles and Related Products

Germany Plans New System

Plans have been formulated to rationalize trade in Germany by closing down department stores, confectionery, furniture, and carpet shops, thus releasing a new army of workers for the armament industry, according to European press reports.

The advantages derived from this system seem rather doubtful, as it will multiply the unproductive hours spent by hundreds of women waiting in queues, to say nothing of the spirit of discontent which may be engendered by unnecessarily increasing the already soaring number of inconveniences endured by the German "Hausfrau." Even the newspapers have dared to warn the authorities against a systematic disregard of public requirements.

German statistics reveal a drop of 50 percent in clothing sales, with an even greater decline in purchases of furniture and household goods.

Cotton and Products

Situation in Haiti

Imports of cotton tissues during May 1942 amounted to 180,850 kilograms valued at 1,248,575 gourdes, making a total of 1,553,608 kilograms, valued at 8,832,547 gourdes, for the 8 months ended May 31. For the same 8-month period 540,344 kilograms of jute bags were received, valued at 655,277 gourdes.

Exports of raw cotton totaled 1,880,193 kilograms, valued at 1,940,278 gourdes, during the period October 1, 1941, to May 31, 1942. (1 gourde=20 cents.)

Mexico's Cotton Production

Early estimates place Mexico's 1942 cotton production at 410,000 bales, but the final outturn depends upon weather conditions during the remainder of the season.

Wool and Products

Situation in Iraq

Latest figures obtained from Iraq indicate a wool clip of 30,000 bales, or 4,500 tons, instead of only 29,000 bales, or 4,350 tons, as previously reported.

Most of the wool shipped in the first 6 months of 1942 was of last year's clip, with a small quantity of pulled wool from animals slaughtered since the first of this year.

Total wool shipments from January 1 to June 30, 1942, amounted to 2,752 tons, which is considerably below the 3,573 tons shipped during the same period in 1941, and 4,270 tons in 1940.

(Continued on p. 25)

European, Far Eastern, and Other Exchange Rates

NOTE.— *For Latin American Rates See Opposite Page*
COMPILED IN INTERNATIONAL ECONOMICS UNIT

NEW YORK RATES REPORTED BY FEDERAL RESERVE BOARD

Country	Unit quoted	Annual average rate		Monthly average rate		Rate on Sept. 18, 1942
		1939	1940	July 1942	Aug. 1942	
Australia	Pound (free)	*$3.5338	$3.0516	$3.2150	$3.2150	$3.2150
	Pound (official)		3.2280	3.2280	3.2280	3.2280
Canada	Dollar (free)	.9602	.8514	.8994	.8952	.8798
	Dollar (official)		.9091	.9091	.9091	.9091
Hong Kong	Dollar	.2745	.2296	(†)	(†)	(†)
India	Rupee	*.3328	.3016	.3012	.3012	.3012
New Zealand	Pound	3.5482	3.0638	3.2278	3.2278	3.2278
Straits Settlements	Dollar	*.5174	.4698	(†)	(†)	(†)
Union of South Africa	Pound	4.4017	3.9800	3.9800	3.9800	3.9800
United Kingdom	Pound (free)	4.4354	3.8300	4.0350	4.0350	4.0350
	Pound (official)		4.0350	4.0350	4.0350	4.0350

OFFICIAL RATES IN FOREIGN COUNTRIES

[New York rates not currently available]

Country	Official rate	Equivalent in United States dollars of unit quoted	Annual average rate [1]	
			1938	1939
Afghanistan	4 Afghanis=1 rupee	$0.0753		
Belgian Congo	44.25 Congolese francs=$1.00	.0226		
Belgium	1 belga=RM 0.4000	[2].1600	$0.1689	$0.1685
Bulgaria	1 lev=RN 0.0305	[2].0122	*.0124	[3] *.0121
China (Shanghai)	1 yuan=$0.0531	[4].0531	*.2136	*.1188
China—Manchuria	1 M. yuan=1 yen	.2344	*.2845	.2596
Czechoslovakia:				
Bohemia-Moravia	1 koruna=RM 0.10	[2].0400	*.0347	[5] *.0343
Slovakia	1 Slovak crown=RM 0.0860	[2].0344	*.0348	*.0343
Denmark	4.79 kroner=$1.00	.2088	.2183	.2035
Egypt	£E 0.23973=$1.00	4.1714	[5] 5.0130	[6] 4.5463
Finland	49.35 markkaa=$1.00	.0203	.0216	.0199
France:				
Occupied area	1 franc=RM 0.0500	[2].0200	.0288	.0251
Unoccupied area	43.90 francs=$1.00	.0228	.0288	.0251
French Indochina	1 piaster=$1.2269	.2269	[7].2880	[7].2510
Germany	RM 2.50=$1.00	.4000	*.4006	*.4002
Greece	1 drachma=RM 0.1.0167	[2].0067	.0090	.0082
Hungary	5.13 sengö=$1.00	.1949	.1973	.1924
Iceland	6.505 kroner=$1.00	.1537		
Iran	35 rials=$1.00	.0286		
Iraq	1 dinar=£1 sterling	4.0350	[6] 4.8894	[6] 4.4354
Italy	19 lire=$1.00	.0526	.0526	.0520
Japan	1 yen=$0.2344	.2344	.2845	.2596
Netherlands	1.8838 guilders=$1.00	.5308	.5501	.5334
Netherlands Indies	1.8925 guilders=$1.00	.5284	.5501	[8].5334
Newfoundland	$1.10 Newfoundland=$1.00	.9091	[3].9942	.9602
Norway	4.375 kroner=$1.00	.2286	.2457	.2327
Palestine	£P1=£1 sterling	4.0350	[6] 4.8894	[6] 4.4354
Poland (general governorship)	1 zloty=RM 0.5000	[2].2000	.1886	[3].1884
Portugal	24.55 escudos to the dollar (checks)	.0409	.0433	.0404
	15 escudos to the dollar (currency)	.0667		
Rumania	191.30 lei=$1.00	.0052	*.0073	[9] *.0071
Spain	10.95 pesetas=$1.00	.0913	*.0560	*.0999
Sweden	4.20 kroner=$1.00 [10]	.2381	.2399	.2380
Switzerland	4.31 francs=$1.00	.2320	.2253	.2268
Syria	2.195 pounds=$1.00	.4556	[7].5760	[7].5020
Thailand (Siam)	11 bahts=£1 sterling	.3659	.4445	.4032
Turkey	£T1=$0.75	.7500	.8011	.8024
U. S. S. R.	5.30 rubles=$1.00 [11]	.1887		
Yugoslavia:				
Croatia	1 kuna=RM 0.0500	[2].0200	*.0231	[9] *.0277
Serbia	1 dinar=RM 0.0500	[2].0200	*.0231	[9] *.0227

*Nominal. † Not available.

[1] Averages are in dollars per unit of foreign currency and are based on daily quotations of noon buying rates for cable transfers in New York City as reported by the Federal Reserve Board.

[2] Based on German official rate for United States dollar.

[3] Average for first 8 months only.

[4] Rate set Aug. 18, 1941, by Chinese Stabilization Board.

[5] Average for first 3 months only.

[6] Based on average for pound sterling.

[7] Based on average for French franc.

[8] Average for Netherlands guilder.

[9] Average for January-August and November-December.

[10] Official selling rate: The official cable rate is 4.18 kroner=$1, and the air transfer rate is 4.15 kroner=$1.

[11] For foreign-trade valuation purposes only.

National Foreign Trade Convention

The annual National Foreign Trade Convention—this country's outstanding gathering of men and women concerned with the furtherance of foreign commerce—is to be held this year at Boston, October 7, 8, and 9, with headquarters at the Hotel Statler.

The officers of the National Foreign Trade Council, Inc., the Boston Chamber of Commerce, and the Boston Committee of the National Foreign Trade Convention have issued this statement about the significance and value of this coming conclave of foreign traders:

This year's convention at Boston, which you are invited to attend, is of great importance to the Nation's all-out war effort.

This is evidenced by the strong support given to it by the Government departments and war agencies—which will be represented on this occasion by leading officials who will participate in the proceedings.

The convention thus serves the most useful purpose of bringing into closest contact and cooperation American industry and government, upon both of whom rests the burden of coordinating and utilizing most effectively the economic power of the Nation, in equipping and sustaining adequately the armed forces on land, sea, and in the air, in the fight for victory.

Economic warfare of global proportions implies also the maintenance of a strong home front and the strengthening of our domestic economy by the safeguarding of markets still open to our trade here and abroad. Panel discussions at the convention will be attended by experts representing governmental war agencies, who will endeavor to answer the many questions concerned with priorities and controls that affect exporters and importers, and which the increasing demands of economic warfare tend to render more difficult and perplexing, both for the manufacturer and the trader.

Of supreme consideration is the problem of economic reconstruction, which so vitally concerns the future welfare of the United States. The addresses on this subject and the conclusions reached in the final declaration of the convention will have a most important and far-reaching influence in determining where American industry stands in respect to the future of international trade and commerce and the necessity for early restoration of private enterprise after the war.

This convention will give to delegates an up-to-date knowledge and understanding of wartime and post-war problems, and a deeper insight into world trends that affect the future of all nations and which are giving shape to a new world economic order.

Subjects discussed at the various sessions of the convention will include Governmental Operations Affecting Foreign Trade, Transportation and Insurance, Taxation in its various phases as affecting operations abroad, the situation today in the Other Americas, Economic Reconstruction, and similar vital topics.

Round-table discussions of current conditions, regulations, and problems will cover such matters as Censorship, War-Damage Insurance, Foreign Funds Control, Proclaimed List of Certain Blocked Nationals, British Black List, Storage Charges, Alien Property Status, Diverted Cargoes, Ocean Freight Refunds, Letters

of Credit, and Wartime Aspects of Country and Customer Credits.

There will be special meetings of bankers, importers, specific industrial groups, persons interested in trade with Cuba, and those concerned with other special phases of international trade.

Local committees in Boston are attending to all essential arrangements for this 29th National Foreign Trade Convention, which promises to be concretely helpful in many notable ways.

News by Commodities

(Continued from p. 23)

Wearing Apparel

Shortage of Materials in France

Reports from Vichy France say the textile industry has available only two-fifths of the raw materials consumed in pre-war times. About 3,000,000 meters of cloth are reserved for young children, and work clothes will require approximately 5,500 tons of raw materials. The remainder of the greatly diminished supply may be used to clothe all other civilian groups.

It is assumed that the above consists of wool, reworked, and synthetic fibers.

Further restrictions have been imposed on men's suits, demanding plain backs, without folds or belts, and eliminating vests and double-breasted suits entirely. To facilitate use of the reverse side and thus insure longer life of the material, outside breast pockets and buttonholes on lapels must not be cut.

Tobacco and Related Products

Situation in Canada

The 1942 tobacco yield in the Hamilton consular district dwindled to an estimated 40 to 50 percent under the preceding year's crop, or an estimated 900 pounds per acre, compared with 1,500 pounds in 1941.

This slump in production may be attributed to several factors—unfavorable weather conditions, ravages of cutworms and wireworms, and labor shortages. Unseasonably warm weather in April caused too rapid growth of the seedlings in greenhouses, lower temperatures later took a toll of the plants, and excessive rainfall washed away much of the fertilizer before any benefits were realized. Additional primers and curers brought from North Carolina, South Carolina, Virginia, and Georgia, have helped to alleviate the labor situation and, with their assistance, the harvest should be completed on schedule.

Despite important increases in the price of manufactured products, owing largely to government taxes, consumption to date has exceeded that for the same period in 1941. Shipments to the armed forces overseas account for an important part of this increase, especially in the number of cigarettes and pipe tobaccos destined for export.

All manufacturers in the Hamilton district have ample stocks on hand, sufficient to carry them for about 2 years. Canada, as a whole, had 131,720,500 pounds of tobacco on March 31, 1942, according to recent statistics. Of this, probably no more than 60,000,000 to 61,000,000 pounds will be used in one year, it is estimated.

Trade in East Canary Islands

Leaf-tobacco imports during the second quarter of 1942 included 32,705 kilograms from Malaga, Spain, and 29,867 kilograms from Tenerife, West Canary Islands.

Small amounts of tobacco products were exported to the Spanish Tobacco Monopoly in Spain. The tendency, however, was to keep manufactures, especially cigarettes, for the local trade, which brings better returns.

High Yields in New Zealand

Tobacco production broke all records in 1941, with an output of 3,143,355 pounds from 2,963 acres. This high yield reflects efforts of the Government and the Tobacco Board to encourage greater acreage and production, to offset diminishing imports from the United States, and to conserve dollar funds.

Manufacturers and growers are cooperating with the Tobacco Board in extending acreage during the 1941–42 season. Additional land has been surveyed for utilization in tobacco-growing, and a research committee has been subsidized by the government to study ways of improving domestic cultivation. Given favorable conditions, an even better yield for 1941–42 may be expected.

The Chilean nitrate plant Rica Aventura which had been closed for 12 years is again in operation and production has begun, says the British press.

Latin American Exchange Rates

NOTE.—Averages are actual selling rates for sight drafts on New York, in units of foreign currency per dollar, with the following exception: Cuba—United States dollars to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to 1 dollar.

Country	Unit quoted	Type of exchange	Annual average rate		Average rate		Latest available quotation	
			1940	1941	May 1942	June 1942	Rate	Date
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	3.73	Aug. 27
		Official B	4.23	4.23	4.23	4.23	4.23	Do.
		Bid		4.88			4.93 / 4.95	Aug. 25
Bolivia	Boliviano	Free market	4.37	4.24	4.24	4.26	4.23	Aug. 27
		Controlled	39.09	43.38	46.46	46.46	46.46	Sept. 2
		Compensation	[1]53.83	[2]55.00				
Brazil	Milreis	Curb	56.71	54.02	50.00	51.50	50.00	(3)
		Official [3]	16.500	16.500	16.500	16.500	16.500	Aug. 15
		Free market	19.789	19.717	19.650	19.650	19.630	Do.
		Special free market	20.700	20.678	20.500	20.500	20.500	Do.
		Curb	21.421	20.298	19.757	20.100	20.500	End July
Chile	Peso	Official	19.37	19.37	19.37	19.37	19.37	Aug. 13
		Export draft	25.00	25.00	25.00	25.00	25.10	Do.
		Curb market	33.04	31.78	30.53	31.14	31.70	Do.
		Free	31.05	31.15	31.15	31.15	31.10	Do.
		Gold exchange	31.05	31.15	31.15	31.15	31.10	Do.
		Mining dollar	[4]31.13	31.15	31.15	31.15	31.10	Do.
		Agricultural dollar		[5]31.15	31.15	31.15	31.10	Do.
Colombia	do	Controlled	1.75	1.7545	1.75	1.75	1.75	Aug. 29
		Bank of Republic	1.755	1.755	1.755	1.755	1.755	Do.
		Stabilization Fund	(6)	(6)	(6)	(6)	(6)	
		Curb	1.88	1.86	1.76	1.77	1.77	Aug. 29
Costa Rica	Colon	Uncontrolled	5.70	5.85	5.72	5.62	5.54	Aug. 28
		Controlled	5.62	5.62	5.62	5.62	5.62	Do.
Cuba	Peso	Free	.90	.975	1.00	1.00	1.00	Aug. 29
Ecuador	Sucre	Central Bank (Official)	[7]16.42	15.00	14.10	14.10	14.10	Aug. 15
		Central Bank (Free)	[8]15.44					
		Commercial Bank	[8]15.73					
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	2.04	Aug. 29
Mexico	Peso	Free	5.40	4.86	4.86	4.86	4.85	Do.
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	5.00	Do.
		Curb	6.36	5.93	5.42	5.35	5.20	Do.
Paraguay	Paper peso	Official	[9]70.00		333.00	333.00	333.00	Aug. 31
		Free	[9]75.35	(10)				
Peru	Sol	do	6.17	6.50	6.50	6.50	6.50	Aug. 29
Salvador	Colon	do	2.5	2.5	2.5	2.5	2.5	Do.
Uruguay	Peso	Controlled	1.899	1.899	1.899	1.899	1.899	Aug. 15
		Free	2.66	2.31	1.90	1.90	1.90	Do.
Venezuela	Bolivar	Controlled	3.19	3.26	3.35	3.35	3.35	Aug. 15
		Free	[11]3.46	[12]3.76	3.41	3.35	3.35	Do.

[1] Mar. 16–Dec. 31.
[2] Jan. 1–June 20.
[3] Middle of August.
[4] Established on July 13.
[5] Established Mar. 25.
[6] For Class 2 merchandise, 1.795; Class 3, 1.87; Class 4, 1.95.
[7] June–December.
[8] January–May.
[9] Paraguayan pesos to 1 Argentine peso.
[10] Abolished on Feb. 10.
[11] Jan. 1–June 25.
[12] July 24–Dec. 31.

NOTE.—Special rates apply to automotive equipment and agricultural machinery, imported from the United States into Argentina.

Trade-Mark Applications

Argentina.—The following applications for trade-mark registration were published in the Boletin Oficial of August 25, 1942. Opposition must be filed before September 28, 1942.

Trade-mark	Class number and commodity
Cynogas	No. 2—Entire class.
Cesco	No. 5—Entire class.
Victor	No. 22—Entire class.

Brazil.—The following applications for trade-mark registration were published on the dates indicated in the Official Gazette of Brazil. Opposition must be filed within 60 days from date of publication.

Trade-mark	Class number and commodity	Date of publication
Caravana	No. 41—Food substances derived from animals or vegetables, preserved or otherwise.	Aug. 26, 27, and 28, 1942.
Picana	No. 41—All kinds of dried fruits.	Do.
Defumador	No. 2—Atomizer	Do.
Raja Farco	No. 48—Soap, powder, perfumed oils, perfumes, nail polishing, tooth paste, combs, hair brushes, tooth brushes, etc.	Do
Saturn (as indicated by a picture of planet Saturn).	No. 8—Electrical apparatus, including household and kitchen goods, radio parts, electric mosquito exterminators, automatic towel, soap and paper dispensers, fire extinguishers, scales, batteries, safes, controls, clocks, refrigerators, phonographs, electric measuring devices, X-ray equipment.	Do.
Bel	No. 8—Radio, radio-phonographs, and implements.	Do.
Golden Voice	....do	Do.

Uruguay.—The following applications for trade-mark registration were published in the Diario Oficial of Montevideo, on the dates noted. Opposition must be filed within 30 days from date of publication.

Trade-mark	Product	Date of publication
Sanasoy	Drug store and chemical products.	Aug. 26, 1942
Soy-Bee	....do	Do.
Ambar	Tobacco, cigars, cigarettes, etc.	Do.
Eureka	....do	Do.
Popular	....do	Do.
Tull	Classes 1 to 25, inclusive.	Do.
Tosantil	....do	Do.

Today's Advertising Will Keep You Tuned Up for Tomorrow's BIGGER DRIVE

India's Industrial Insects

(Continued from p. 7)

net to leave as much as 10 percent rosin, but pure garnet lac is obtainable.

In making button-lac, no sheet stretching is required. Melted shellac is simply dropped onto a flat surface—say a sheet of metal—and the characteristic drop from the bags forms a small button, flat on the bottom and convex on top. Buttons average 3 inches in diameter and when pure are so stamped and trademarked. Button-lac is seldom seriously adulterated today.

Not All Manual

While generally a hand process, some larger Calcutta factories use power for crushing and washing, and steam heat for melting their shellac. Mechanical methods are rapid and labor-saving but do not always produce the best shellac, as the mechanically and solvent extracted material is less soluble than the hand-prepared and of darker color, because of treatment in hot alcohol. The warm alcohol dissolves the stick lac taken from the trees, after which it is filtered to remove insoluble impurities. Then the mixture is distilled to recover the dissolved shellac; this results in a grainy substance of about standard quality.

Bleached Shellac

Makers of playing cards, varnish, and furniture, and hundreds of other products need light shellac to coat yet not darken their products. For them, white or bleached shellac is made artificially by dissolution in a boiling solution of 2 percent sodium carbonate. To this is mixed sodium hypochloride. The mixture is steadily stirred and allowed to stand a long time so the chloride bleach can become effective. If the resin-chemical mix is sufficiently bleached, sulfuric acid is added and again the whole mixture is well stirred, the precipitate shellac meantime becoming coagulated by increasing the temperature of the already hot solution.

When cooled, the coagulated resin is kneaded into nunks and strained again in hot water to remove all acids, as bleached lac carrying unwanted mineral acids might react on surfaces to which it is applied. As much as one-third of the kneaded white shellac may consist of unremoved water, though it appears to be dry after bleaching. Air currents are trained on whitened shellac to reduce its moisture content to the commercial 6 percent maximum.

When shellac-makers bleach their resin, careful selection is made of fine, light resins, to begin with—usually fine orange or "kusmi." This means an expensive finished article, exported either dry or moistened to retain the solubility. To get the very best grades, even the wax is removed while it is part of the boiling solution.

To Market

Like many other products from India, stick lac starts to market by way of the itinerant trader. A poor "Baipari" or peddler with oxcart or pack bullocks wanders from village to village, selling and exchanging salt and cheap wares and buying up small parcels of stick or seed lac. When among the remote jungle dwellers the trader usually exchanges salt for stick lac just as it is scraped from the trees. An agent, usually a shopkeeper or money-lender, supplies cheap wares to the peddlers, of whom there are thousands. Agents never really own the resin they get from traders but store and pass it on to larger merchants for a 1 percent commission from the peddler and another commission from the buyer.

Fingers, Joints, Mean Money

These commissioners sell at open auctions, but a common method is typically Indian. Prospective buyers sit in a ring around the lac to be sold, ordinarily piled in baskets. A cloth is spread over the hands of would-be purchasers who thrust their hands toward the auctioneer seated in the middle of the ring. Undercover signs to the auctioneer are made by fingers, each digit indicating an arbitrary value according to current prices. Two handclasps denote the bid.

In terms of dollars, for example, one grasp may mean $8 at $2 a finger. Another clasp of the finger joints on the first three fingers may signify 30 cents at 10 cents per joint. News concerning bidding is signalled to the seller who accepts or rejects the best bid made. If the seller finally agrees to a bargain, the actioneer whips away the cloth and tosses some of the seed lac toward the successful bidder. Sometimes the buyer is a dealer or represents a large manufacturer who needs material to convert into shellac.

In Great World Marts

It takes about 2 months for the crop to pass completely through the markets. Prices follow rather closely those of the international markets much as cotton prices customarily reflect world values. In Calcutta shellac passes from the large firms into international trade via London and New York, cities where highly organized markets operate in peacetime.

The London Shellac Trade Association buys and sells much of the European shellac—about half the crop exported from India. The United States Shellac Importers Association and the American Bleached Shellac Manufacturers Association, Inc., account for the rest of the world non-Asiatic consumption; the United States is the leading world customer.

What Does Lac Mean to India?

The annual production of stick lac averages 80,000 tons; shellac output ranges between 40,000 and 50,000 tons. Only 3 percent is used domestically in India, however, and then chiefly in bangles, to fill hollow ware, and as furniture polish and finish. Red or unbleached shellac has long been prominent in the Orient for finishing beautiful cabinets and boxes. Masterpieces of the craft are familiar to museum visitors.

Among the diverse economic activities of India, shellac exports are sixteenth in statistical importance; in monetary value they form but 1 percent of total trade. But shellac provides work, commerce, and cash money to large parts of India which ship little else to the outside world.

Whereas 1939 prices of shelac fell to record lows, quotations during and after World War I established all-time highs, many-fold above current levels. Present demand is strong enough to necessitate a United States ceiling of 27 cents a pound. The 1941 world production was said to approximate 50,000 tons, considerably more than in previous years. Higher output schedules indicate improved demand, price alone encouraging the Indian peasants to brave dangers of the jungles to collect stick lac. Despite the rather low price, substantial exports this year will mean many millions of dollars (or rupees, in Indian currency) to farmers, processors, and traders.

Relaxing of government control after 1918 boomed shellac prices sensationally. The 1917 low was 144 shillings per maund in London; the high, 880 shillings in January 1920. Varying demand has often enticed speculators, but enhanced values merely intensify search for or cultivation of shellac, or possible replacements.

Small Farmers Main Factor

Indian lac production is the work of small farmers, but the land and trees are generally owned by large estates or local chiefs. Great landed proprietors, too, have considerable direct interest in the cultivation and production of shellac. Private owners often lease lands on severe terms, but the Government lets its own forests on liberal leases and gives advice on cultivating methods.

Certain lands and trees are leased privately, the owners retaining all but one-eighth of the production, as they furnish everything but labor. This is considered a hard bargain. Usually rents are paid directly in cash or produce, in the American fashion of agricultural tenants. Tree leases are made simultaneous with farm tenure just before sowing time.

Mystery Lingers

Indian and English researchers have discovered and disclosed pertinent information about the lac insect and its products, but to most people the insect is a mystery. Indeed, science itself knows more about many things than it does about sheilac, which is a complex of several compounds, derived from fatty acids, such as aleuritic and shellolic, oils, terpenes, and waxes. It is known that the insects absorb nitrogen, sugars, and solids such as lime, but the biochemical processes of secretion are not entirely understood.

Until the beginning of this century little scientific analysis was made of shellac. Nowadays, since it is to the special advantage of most importing countries, both the quality and purity of shipments are rigidly controlled through standardized tests.

Grades—Packing

In New York shellac is sold as TN in three grades—Heart, USSA TN, and TN Pure. The first and third grades are marketed free of rosin, with not over 3 percent of insolubles; USSA TN is accepted by the trade when there are no more than 3 percent rosin or 3 percent impurities. Seed lac, now becoming prominent on the American market, is used on a basis of 5 percent impurities; there is an 8 percent rejection limit.

Shipments arrive at our ports in wooden boxes of 224 pounds gross and require 86 cubic feet of ship space for each long ton of 10 crates. When shipped in bags made of double gunnies of Indian jute, the fifteen 160-pound bags occupy 85 to 90 cubic feet. Bleached shellac is often imported in tin cases to retain moisture and preserve the condition of the resin during its long voyage.

Looming Uncertainties Today

In the first 10 months of 1941 more than $4,250,000 worth of all grades of shellac was imported by the United States.

For the duration of the world hostilities, this significant commodity from the great Indian subcontinent promises to be surrounded by uncertainties, a measure of perplexity, and stringent, necessary controls.

Venezuela Completes Strategic Rail Network

(Continued from p. 9)

railways reported profits, and the other six losses. Furthermore, serious inroads on railway passenger traffic have been made by busses and automobiles, of which there were 37,279 in 1940.

The results of the "highway policy," by 1941, showed 3,598 miles of motor roads—over five times the railway mileage. Thus Venezuela is chiefly dependent on highway transport for most interior movement, with inadequate rail communications to handle the trade (not including oil). A small coastal merchant fleet and largely abandoned inland waterways offer little hope of relief.

Tonnage Figures

Venezuela's foreign trade in 1940, not including imports connected with the oil industry or exports derived from it, amounted to 455,544 metric tons. This consisted of imports of 388,296 tons, and exports of 67,248 tons.

During the same year, 575,141 tons of freight went through the terminal ports of the La Guaira & Caracas, the Puerto Cabello & Valencia, and the Bolivar Railways in foreign and coastwise trade—that is, through La Guaira, Puerto Cabello, and Tucacas, respectively.

The three railways (in the same order) carried the following tonnage in *1941:* 143,326, 73,575, and 10,512. The Great Railway of Venezuela, which links these systems, handled something over 80,000 tons of freight.

Registrations of trucks in the States served by these railroads in 1940 totaled 7,097. The problem is to keep this essential truck traffic in operation in the face of shortages of material, and plans are being made for coordinating transportation facilities whereby the railways will augment their share of freight handling.

Question of Equipment

The managers of the English railways and of the Great Railway of Venezuela have declared that they have equipment to handle increased traffic. It was claimed that the La Guaira & Caracas could transport up to 30,000 tons a month, and the Puerto Cabello & Valencia and Bolivar lines each about 10,000 tons.

Passengers carried by the railroads in 1940 numbered 838,143 (in 1941, 701,195), as compared with 110,833,949 carried by busses. Traffic by busses, therefore, will be subject to schedule modification in order to conserve tires, and the Government has established a rigid control on sales of tires and tubes. The problem of tire shortages for trucks and busses may be solved if the local tire factory near Caracas can obtain the raw materials already negotiated for.

The transportation problem in Venezuela, therefore, resolves itself into the question of how much additional equipment can actually be put into operation, how much speed-up can be expected on the lines as they are today, and finally, even if trucks and busses are diverted from zones served by the railroads, how to maintain their capacity in view of the shortage of stocks of parts and replacements.

Railways can play an important role in Venezuela, as rubber for tires becomes scarce, in spite of the difficult conditions imposed by the mountainous character of most of their routes, differences in track gages, and the past record of uneconomic operating conditions.

French Morocco's Business Today

(Continued from p. 3)

and Louis Gentil phosphate mines, producing almost entirely for export.

Foreign Trade Limited

French Morocco's import and export trade in the second quarter of 1942 was confined almost entirely to the following countries (in order of importance): France, French West Africa, Algeria and Tunisia, Portugal, and Spain. Shipments to France consisted mainly of raw products, such as palm fiber, cereals, vegetables, eggs, minerals (including metallic ores), seeds and other Moroccan raw products, plus quantities of materials in transit from French West Africa.

Shipments to French West Africa consisted principally of Moroccan products (including wines, cement, lime, flour, and miscellaneous foodstuffs) plus a rela-

tively large amount of merchandise in transit from France for French West Africa (coal, automotive and other vehicles, miscellaneous manufactured goods, and chemicals).

Shipments to Algeria and Tunisia consisted mostly of livestock, cereals, vegetables, eggs, and other food products and were sent mostly by the overland route. Shipments to Spain and Portugal consisted almost entirely of phosphates.

Imports from France comprised mainly miscellaneous manufactured goods, wines, chemicals, trucks and draught vehicles, mineral waters, construction material, hardware, paper, and small cotton goods for native wear. Imports from French West Africa consisted principally of peanuts, peanut products, palm nuts and oil, sisal, condiments, and other tropical products, together with larger quantities of these products in transit for France. Imports from Spain and Portugal consisted practically entirely of wood, some salt, and a small quantity of textiles for native wear.

Budget Deficit Mounts

Government expenditures in French Morocco in 1942 are reported to have exceeded estimates, mainly on account of defense measures, economic deficiencies, the need for subsidizing certain enterprises, and aid to France in various direct and indirect ways. The same informants state that the deficit in the Treasury is increasing and is the cause of much anxiety to the Residency.

Recent increases in charges for electric current, taxes, and rises in passenger and freight rates on the railroads, as well as various other increased charges for public-utility services, have been introduced to increase receipts in the government and municipal budgets.

Banks report little movement of capital, by reason of the lack of commerce, exchange restrictions, and numerous recent regulations restricting commerce, exchange, capital and estate transfers, and the formation and operation of commercial organizations.

Jewish Business Hit

The elimination of Jews from various professions and branches of commerce, particularly the real estate business, and their exclusion from executive positions in commercial corporations have caused considerable commotion in local commercial circles, as Jews occupy a predominant position in Moroccan business. In fact, outside of certain large government-controlled enterprises and small French firms, practically all the commerce of the country has been in the hands of Jews.

Following the issuance of these regulations, practically all Jewish owned or controlled firms have had to take on French non-Jewish citizens or Moroccan Moslems as nominal managers, directors, or owners.

Much Capital Hoarded

Bank deposit holdings still are heavy, and plenty of capital has been hoarded away, while large amounts are available for investment, but means of employing it are lacking.

Financial transactions are few. In local trade the credit situation is fair to poor.

New Books and Reports

★ The following publications, added to the Department's research facilities through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of Current Interest Appearing in the Department of State Bulletin, September 12, 1942.

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the price of 10 cents each; subscription price, $2.75 a year. The September 12 issue contains these articles:

ADVISORY TECHNICAL MISSION TO INDIA.

STAFF CONFERENCES AT LONDON.

BRITISH MILITARY OPERATIONS IN MADAGASCAR.

REPLY TO FRENCH PROTEST AGAINST BOMBINGS IN FRANCE.

MILITARY AND NAVAL COOPERATION WITH CUBA.

PROTEST TO MARSHAL PETAIN BY TWO FRENCH PATRIOTS.

ANNIVERSARY OF BRAZILIAN INDEPENDENCE.

RUBBER AGREEMENTS WITH GUATEMALA AND MEXICO.

CELEBRATION OF THE JEWISH NEW YEAR: Statement by the Secretary of State.

APPOINMENT OF OFFICERS (Department of State).

Other Publications

TOWARD NEW HORIZONS — THE WORLD BEYOND THE WAR. Office of War Information. 1942. 15 pp. Reprint of speeches by Vice President Henry A. Wallace, Under Secretary of State Sumner Welles, Ambassador John G. Winant, and Milo Perkins, Executive Director of the Board of Economic Warfare, which define or illuminate the developing policy of the United Nations.

Available from: Office of War Information, Washington, D. C.

THE WOMEN'S TRADE UNION LEAGUES IN GREAT BRITAIN AND THE UNITED STATES OF AMERICA. Gladys Boone. 1942. 283 pp. Price, $3.50. Describes the Women's Trade Union League in Great Britain. Discusses background and origins of the National Women's Trade Union League of America—early days of the League, 1903–13; promotion of legislation, international congresses, training of women trade union leaders, 1913–29; organization of women into trade unions, 1913–29; the league since 1929. Also presents statistics on workers in industry and membership of class organizations in Great Britain; occupations of women, 1910, 1920, 1930, in the U. S. A.; age distribution of occupied women in the United States; and many other factors.

Available from: Columbia University Press, 2960 Broadway, New York, N. Y.

U. S. Export Control and Related Announcements

Developments communicated to the Adviser on Trade Controls up to Tuesday, September 22, 1942:

Price Control Circular No. 8—Text of Amendment No. 1 to Revised Maximum Export Price Regulation.

The Office of Price Administration has issued Amendment No. 1 to Revised Export Price Regulation of July 2, 1942, making changes in the export price regulations on textiles, effective September 16, 1942. This amendment widens the definition of the goods affected; removes the distinction between the kinds of goods affected; eliminates the distinction between types of exporters; and allows the exporter the choice between the average premium prescribed by the general provisions of the regulation and the specified premium of 7 percent over the exporter's applicable domestic maximum price.

The text of the decree changing the specific maximum export premiums on textiles supersedes Section 1375.5 of the Revised Regulation and is as follows:

§ 1375.5 *Specific maximum export premiums.*—(a) *Textiles.* The maximum export premium to be charged on an export sale of textiles, whether woven or knitted, containing 75 percent or more by weight of cotton or artificial fiber or a mixture of cotton and artificial fiber, including but not limited to finished piece goods and grey goods regardless of width, and articles which are transformed from piece goods into finished articles simply by cutting and/or hemming and/or overedging (but not including wearing apparel), and yarn, thread, twine and rope of cotton or artificial fiber, shall be either:

(1) An amount as defined in § 1375.2 (a), which may be added to the basic price as defined in § 1375.1 (a) (1) or § 1375.1 (b); or

(2) An amount not in excess of 7 percent of the domestic maximum price which is applicable to a sale by the exporter to a domestic purchaser similar to the purchaser located outside the Continental United States, which may be added to the basic price as defined in § 1375.1 (a) (2) or § 1375.1 (b).

[For text of Revised Maximum Export Price Regulation, see FOREIGN COMMERCE WEEKLY for July 11, 1942.]

U. S. GOVERNMENT PRINTING OFFICE: 1942